FINANCIAL TIMES

PUBLISHED IN LONDON AND FRANKFURT

No. 27,778 Wednesday January 31 1979 ***15p

CONTINENTAL SELLING PRICES: AUSTRIA Sch 15; BELGIUM Fr 25; DENMARK Kr 3.5; FRANCE Fr 3.5; GERMANY DM 2.0; ITALY L 500; NETHERLANDS Fl 2.0; NORWAY Kr 3.5; PORTUGAL Esc 25; SPAIN Pta 50; SWEDEN Kr 3.25; SWITZERLAND Fr 2.0; EIRE 15p

NEWS SUMMARY

GENERAL

Khomeini return agreed by Iran

The 15-year exile of Ayatollah Khomeini, the Shah's main opponent, will end either today or tomorrow when he flies into Tehran from France with the permission of Iran's Government.

Tehran airport has been closed for six days, bringing increasing protests and bloodshed as supporters of Khomeini demanded his return.

After an urgent meeting yesterday, the Cabinet decided to allow Khomeini back. He will travel aboard a chartered Air France jet. Iran prepares a welcome. Page 3

Smith backed

First results in the Rhodesian majority-rule referendum suggested a huge "yes" vote, with more than 4,000 in favour and only 700 against in four districts.

Lucas cleared

Lucas Service Overseas was cleared on nine charges relating to alleged breaking of Rhodesia sanctions, after a trial at Aylesbury. David West, a former African affairs manager for the company, was convicted on one charge.

Basques held

France has clamped down on suspected Basque terrorists based in the country. Seven people were deported back to Spain yesterday and 15 more are in detention. Spanish nationals will no longer get refugee status in France. Page 2

Bomb hits baby

A 10-month-old baby boy was burned when a petrol bomb was thrown through the window of a house in Scunthorpe, Humberside, setting alight the boy's pram. Police said the attack was the action of a "maniac."

Prison 'shame'

The Liberal Party wants a review of committal proceedings "to establish their value" and says it is "shameful" that some people are held for more than a year before a trial. The Liberals' views come in evidence to the inquiry into the prison service.

Drama awards

The London Evening Standard Drama awards winners for 1978 include Tom Stoppard (best play: Night and Day), Alan Howard (best actor: Coriolanus) and Kate Nelligan (best actress: Plenty). Page 9

'Race' conviction

Robert Relf, aged 54, was jailed for 18 months at Oxford on two charges of publishing material likely to stir up racial hatred.

Children die

Three more children have died in Naples, bringing the toll from an outbreak of a mystery virus to 50. The latest victims had shown symptoms of a disease labelled "the poor people's bug" because all the victims have come from Naples slums.

Briefly . . .

Armed men stole £25,000 from a security guard at the National Westminster Bank in Romford, Essex.

Sir Mark Henig, chairman of the English Tourist Board, died aged 67.

India's electoral commissioner ruled that Indira Gandhi's expulsion from Parliament means her seat is now vacant.

Forces loyal to Premier Pol Pot have regained control of at least two Cambodian towns. Page 4

BUSINESS

Equities rise 2.7; Cobalt price up

● EQUITIES rose in the late morning, partly in response to speculation concerning general election possibilities, but the FT index, up four points at noon, eased back later to close 2.7 up at 466.0.

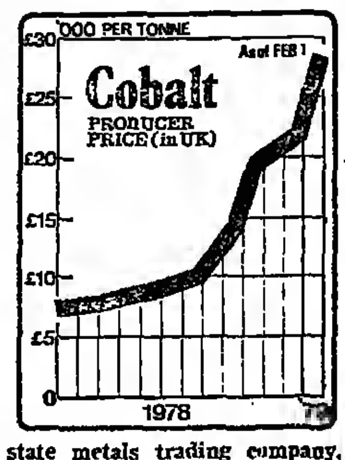
● GILTS reacted to the cost of the latest wage offer to lorry drivers and the Government Securities index closed 0.15 down at 66.39.

● STERLING rose ten points to $1.9960 and its trade-weighted index rose to 63.5 from 63.4. The dollar's depreciation was unchanged at 8.3 per cent.

● GOLD fell $4½ to $231½ in London.

● WALL STREET was 2.34 down at 853.43 just before the close.

● COBALT price in the UK will rise from £22,000 to £28,000 a tonne on news that the Zaire state metals trading company, Sozacom, is ... Page 25



● MOST FOREIGN banks with UK branches seem likely to be designated "recognised banks" under provisions of the current Banking Bill.

● UNIT TRUST industry has been told by the Price Commission that it may not raise its management fees. The industry's total income from charges and from gains made in dealing in units was high enough, the commission concluded. Back and Page 8

● US TRADE deficit reached a new peak in 1978 of $28.45bn (£14.2bn)—nearly $2bn above the previous record in 1977. Back Page

● LOCAL AUTHORITY borrowing rose in October and November of last year to £406m compared with £111m in the preceding two months. Page 6

● GOVERNMENT is expected to reject calls for changes to the British attitude to the Arab boycott, because of fears of damaging economic and political interests in the Middle East. Page 7

● NCR, the U.S.-owned computer and electronic equipment manufacturer, believes that the jobs of 1,000 workers at its Dundee factory can be saved by the introduction of manufacture of a new banking terminal. Five British banks have placed orders worth £7.5m. Page 8

COMPANIES

● DECCA, the UK electronics group, warns that following poor first half figures, where profits fell from £5.22m to £2.46m, full year results will be considerably lower than the £12.3m for the previous year. Page 16 and Lex

● BAT INDUSTRIES pretax profit for the year to September 30 rose by 4 per cent to £433m, on sales 7 per cent higher at £6.68bn. Page 16 and Lex

● REED INTERNATIONAL third quarter profits rose from £18.9m to £23m, giving a nine months total of £63.1m against £58.3m. Page 17 and Lex

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
Arlen Elect.	67	+ 3
BAT Inds.	298	+ 13
Berisford (S. & W.)	174	+ 6
Brixton Ests.	120	+ 4
Cartiers	112	+ 5
Christie-Tyler	92	+ 4
Dalgety	328	+ 8
Decca A	357	+ 7
East Lancs. Paper	80	+ 10
Hammerson A	668	+ 15
Hawtin	16	+ 2
Hillards	236	+ 8
Home Charm	275	+ 7
I.D.C.	145	+ 15
ICI	355	+ 5
Land Secs.	253	+ 4
Lee Cooper	195	+ 15
Metal Box	314	+ 6
Reed Intl.	164	+ 8
Slough Ests.	133	+ 5
Sotheby P.B.	370	+ 15
Sound Diffusion	90	+ 7
Stock Conversion	298	+ 8
Vectis Stone	58	+ 6
Wholesale Fittings	255	+ 18
Wilkinson Warburton	92	+ 9
Williams & James	132	+ 8
Wintrust	81	+ 4
Charter Cons.	151	+ 5
Cons. Murchison	300	+ 30
Deelkraal	128	+ 5
MTD Mangula	50	+ 5
Selection Trust	500	+ 14
Tanganyika	183	+ 7
FALLS		
Treas. 12¼pc '03-05	£91½	— ⅞
Cantors A	36	— 6
Impala Plat.	220	— 14
Lydenburg	93	— 7
Peko-Wallsend	478	— 17
Rustenburg	140	— 7

Ennals warns on danger to Health Service

Councils refuse to put 'unrealistic' 8.8% pay offer

BY ALAN PIKE, LABOUR CORRESPONDENT

Local authority employers decided yesterday that they would have no chance of settling the manual workers' dispute with an 8.8 per cent pay formula, which would be acceptable to the Government.

The employers' representatives consequently made no change to their already-rejected 5 per cent offer when they met national union officials in London. Instead they will hold consultations at local level and seek talks with the Government, "if possible within days," to search for ways out of the impasse.

While the local authority talks took place, Mr. David Ennals, Social Services Secretary, warned that the effects of the parallel dispute in the Health Service were "extremely serious."

Between a third and a half of hospitals were reduced to emergency admissions, and in most parts of the country ambulance services were handling emergencies only.

After the talks Mr. Brian Rusbridge, secretary to the local authority negotiators, confirmed that the employers could have made an offer worth 8.8 per cent following relaxation of the Government's position towards the lower-paid.

The employers were not, however, going to "play games making unrealistic offers."

The 8.8 per cent had not been put to the unions because "neither they nor we saw the offer we could have put today as realistic."

Mr. Rusbridge said that the employers saw no purpose in the unions devoting a considerable period of time to consulting their members on an offer which would prove unacceptable while the disruption to the public continued.

Something had got to change, and the employers would call for immediate talks with the Government to see whether a realistic offer could be achieved.

Union leaders, angered by the local authority employers' failure to make an improved offer, last night announced immediate plans to intensify this action especially in the London boroughs. Mr. Charles Donnet, national officer of the General and Municipal Workers Union, said that the council leaders were returning to their local areas for consultations. "We have now got to step up our action to make sure that the ratepayers give them the right answer."

The cost to the local authorities of an 8.8 per cent settlement would be £151m compared with £88m for a 5 per cent deal. One issue raised at yesterday's meeting which is likely to be discussed again is productivity.

Employers pointed out, however, that a 6 per cent efficiency payment like the one offered to

Continued on Back Page

DOCKERS STOP WORK

AS TALKS continued yesterday on the new 20 per cent pay offer to lorry drivers, dockers and bus drivers—also members of the Transport and General Workers Union—made it clear they wanted pay settlements of at least double last year's level. Some dockers stopped work in protest at 5 per cent offers. An attempt to swing the TUC back to voluntary wage restraint was made by 12 members of the general council with the launching of a "moderates manifesto." Back Page; Editorial comment Page 14

Strike effects Page 8 ● Parliament Page 9

Callaghan rejects immediate freeze

By Richard Evans, Lobby Editor

THE Prime Minister yesterday rejected a wage freeze "at this stage" in the current pay round, but he was careful not to rule it out as a possible option.

Mr. James Callaghan, in buoyant form in the Commons, argued that an immediate freeze would be extremely unfair to those, including local authority workers, who had yet to reach settlements in this year's pay round.

Statutory wages policies had had a role in the past, but had been shown to be no more successful than periods of free collective bargaining. "Neither solution is acceptable," he declared.

Nevertheless, the fact that the Prime Minister did not categorically rule out a freeze when Mrs. Margaret Thatcher, the Conservative leader, pressed him to state the Government's position, intrigued MPs.

Some thought he was adopting natural ministerial caution of never excluding any option however improbable. But others thought he was making capital out of the weekend call by Mr. William Rodgers, Transport Secretary, for a freeze to put maximum pressure on the TUC to reach a viable concordat with the Government on restricting wage demands.

The truth remains that Mr. Callaghan would be extremely unlikely to be able to force a wage freeze through the Cabinet or through Parliament before the next election.

The Prime Minister's ebullience, which contrasted sharply with his previous defensive and tetchy performances, was ascribed to the TUC's encouraging attitude to a wide-ranging agreement and to the prospect of an early end to the road haulage dispute.

Mr. Callaghan and other senior Ministers reported to their Cabinet colleagues yesterday on the talks with the TUC general council. Ministers appear to be increasingly hopeful that they will be able to salvage something in the next three weeks from the havoc wreaked by the current industrial disruption.

But significantly, the Prime Minister yesterday went further than before in admitting that the 5 per cent pay guideline had gone by the board. He said it was extraordinary that people should repudiate the idea of a norm when there was now a new definition of a norm—the going rate.

CBI forecasts damaging effects from lorry strike

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

CASH FLOW and liquidity problems caused by the lorry drivers' strike are likely to have a serious effect on companies in manufacturing industry which were already losing confidence about business prospects before the strike's full effects were felt.

This was reported yesterday by the Confederation of British Industry when it published its quarterly industrial trends survey.

The survey warns that "recession continues" and forecasts slow economic growth, an increasing number of price rises, and little improvements in the levels of unemployment.

The deteriorating situation and the immediate cash problems facing companies were discussed by CBI leaders at a lunchtime meeting with Sir Henry Benson, industrial advisor to the Governor of the Bank of England.

Although it was fixed some time ago, the lunch gave the two parties a chance to discuss the help that companies may need from clearing banks in the near future. This is an issue on which there have been contacts between the Government and the Bank.

Because of the problems facing the economy, the CBI also started yesterday to the demand for cuts in personal taxation which it is to urge the Chancellor of the Exchequer soon to include in his next Budget. Sir John Methven, the CBI's director general, said the proposals would be "much more cautious" than they would have been three months ago.

Sir Ray Pennock, chairman of the CBI's economic situation committee and a deputy chairman of ICI, said that the lorry strike meant that "things are now in jeopardy." Cash flow problems holding up goods, plus other damaging "knock on" effects, would continue "well into the spring and summer."

There was a risk that export orders would be lost because of the lorry pickets' "stranglehold on the docks." Manufacturing costs had risen steeply because of double-handling and extended delivery runs to various ports. There had also been the costs of keeping employees at work in factories which were not working to full capacity and now there would be the overtime costs of rebuilding production runs.

Industry also faces the prospect of increased charges from road hauliers as a result of the lorrymen's pay deals as well as the spin-off effect of the deals on other negotiations. Sir Ray said the CBI was still urging companies to "hold on against inflation" because industry would be in "deep trouble" if there were many high deals. The Governments Prices Bill would do further damage to companies' profitability and confidence.

The CBI's campaign for restrictions to be introduced on picketing will be built up in a few weeks' time when its publishes a dossier of all the picketing practices, including alleged intimidation.

Sir John Methven saw Mr. Albert Booth, Employment Secretary, last week to urge him to outlaw secondary picketing.

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Chrysler warning to 1,500

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

CHRYSLER UK is expected today to give 90 days' notice of possible redundancy to nearly 1,500 workers laid off in the Midlands.

The move is a precaution by the company in view of the deteriorating position in Iran.

Chrysler UK supplies components worth £100m a year for assembly by the Iranian motor producer, Iran National. Production has been at virtual standstill this year because of the political and economic disruption in Iran.

The layoff of nearly 1,500 workers at Coventry and Birmingham became effective from last Friday. The men have already been told that they will be idle for six weeks, and that short-time working will be necessary for a further eight weeks.

In a new move, Chrysler has called senior stewards to a meeting in Coventry today. It is feared the company will issue the 90 days' notice required under the Employment Protection Act.

Uncertainty about the position in Iran remains so great that no decision about whether the redundancies will be implemented can yet have been taken.

Unless Iran National gets back to production quickly, the implications will be serious for Chrysler's engine plant at Stoke, Coventry.

Nearly 50 per cent of the factory's output is exported to Iran, and unless alternative

Miller 'spent Peachey cash as his own'

BY JOHN BRENNAN, PROPERTY CORRESPONDENT

THE LATE Sir Eric Miller, chairman and chief executive of Peachey Property Corporation, spent the company's money as his own, the report of the Department of Trade's investigation into the group, published yesterday, says.

The report, covering the period of Sir Eric's management of the £51m property company from 1967 until his dismissal and subsequent suicide in 1977, concludes that he "was guilty of numerous misappropriations of company funds."

But it clears his fellow-directors, Peachey's auditors and the recipients of his extravagant gifts and lavish entertainment, including Sir Harold Wilson and Mr. Reginald Maudling, of any misconduct.

Sir Eric, a self-made property millionaire knighted in Sir Harold Wilson's resignation Honours List in 1976, is shown to have dominated his fellow-directors totally until the last few months of his reign at Peachey.

The inspectors talk of the "undoubted mesmeric qualities" that enabled him to overawe directors and employees and to use the company "as his private bank."

As one-time treasurer of the Socialist International, Sir Eric made a number of political friends.

The report shows that the use of Peachey's helicopters by Sir Harold in his 1974 election campaign had been paid for from Labour Party funds.

But in 1976, shortly after Sir Harold's resignation, Sir Eric £3,304 of champagne to 10, Downing Street for a surprise party.

Sir Harold, the report shows, "had no idea that the party was to be held, and he assumed that the hospitality had been provided at the expense of those organising the party, of whom Sir Eric was one."

Mr. Reginald Maudling, Home Secretary in the 1970 Conservative Government, is also cleared of any misconduct in his relationship with Sir Eric.

Mr. Maudling was paid fees by Peachey as a consultant when out of office, and the inspectors say. "We cannot criticise the company for paying the fees and we certainly cannot criticise Mr. Maudling for accepting them."

A 1970 Christmas gift of a £2,750 silver chess set to the Maudlings was accepted in good faith as "a personal gift from Sir Eric."

Mr. Maudling is the only one of 20 prominent men said to have accepted Sir Eric's hospitality aboard a yacht in the Mediterranean and the inspectors say: "We see no reason who he should not (have made the visit). He was on holiday in the area."

The inspectors do not name other visitors to Sir Eric on his yacht. They included "businessmen who are household names for their wealth and the size of the companies they control, mostly in the world of property; other property men, an aircraft man, two merchant-bankers, two men in the yacht business and a politician.

Fulham footballers and other friends of Sir Eric provided with rent-free accommodation at Peachey's cost are also not named.

But Mr. Bobby Moore, the footballer, is shown to have received £39,000 of fees and expenses as a Peachey "public relations and sales officer."

Between 1974 and 1976 Sir Eric sanctioned the £46,000 purchase of Mr. Moore's house, which was later sold for £35,000.

The Department's inspectors, Mr. Raymond Stanley, QC, and chartered accountant, Mr. Stanley Samwell, note the level of public interest in the inquiry, and the fact that "commentators have made no secret of their suspicions that the result of the inquiry may have political repercussions."

But as they restricted themselves to "investigating the affairs of the company, not of the nation," the inspectors have "anticipated that some disappointed commentators might describe the report as a 'white-wash,'" a charge they strongly reject.

Mr. Bob Cryer, Labour MP for Keighley, yesterday called for a Parliamentary debate on the report, which he says "exposes the seamy side of capitalism."

Lord Mais, Peachey's chairman, whom the inspectors found "no occasion to criticise," said that he found the report "full, fair, revealing and humane."

Peachey still has £750,000 of legal claims against Sir Eric's estate. These possible losses have been fully written off in Peachey's accounts. The group's shares firmed 2p to 94p yesterday.

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£ in New York

—	Jan. 29	Previous
Spot	$1.9950-9960	$1.9940-9950
1 month	0.40-0.38 dis	0.45-0.40 dis
3 months	1.32-1.27 dis	1.30-1.25 dis
12 months	4.35-4.15 dis	4.30-4.15 dis

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For latest Share Index 'phone 01-246 8026

Spain trade deficit reduced to lowest level in decade

BY ROBERT GRAHAM IN MADRID

SPAIN CLOSED 1978 with the smallest trade deficit in a decade, according to Customs figures just released here. The sharp reduction in the deficit, by just over 25 per cent, was attributed to a strong surge in exports and a reduced level of imports caused by sluggish domestic demand.

The overall trade deficit still remained high at Pta 429bn ($3bn), but the extent to which exports covered imports rose from 57.4 per cent to 70 per cent during the year. Exports increased at five times the rate of imports, although the growth in exports was marginally slower than the previous year.

In peseta terms, exports increased by 29.9 per cent to Pta 1,350bn. When measured against the dollar, Spain's main traded currency, the increase was 27 per cent.

This compared with a 32 per cent increase in peseta terms and a 16 per cent increase in dollar terms in 1977. Imports, meanwhile, rose 6 per cent in peseta terms to Pta 1,431bn.

The principal increase in exports came from the vehicle sector, largely accounted for by the Ford operation at Valencia reaching full capacity. This sector's exports rose by 46 per cent to Pta 68bn.

Shoe sales, traditionally a key item in Spain's exports, did well, increasing 21 per cent to Pta 46bn. The year also witnessed a substantial rise in agricultural exports, which jumped 34 per cent to Pta 38bn.

Imports were affected by stagnant growth in the industrial sector. The sharp recession was reflected both in the 1.8 per cent drop in the volume of oil imports, which accounted for 26 per cent of the total import bill, and by the 1.4 per cent increase in machine imports. Iron and steel products fell back by 14 per cent.

This good trade performance, coupled with exceptional tourist earnings and an encouragingly high level of foreign investment, is expected to be reflected in a healthy overall payments surplus for 1978.

The latest projections indicate that Spain will enjoy a current account surplus of the equivalent of £500m (against a £1.2bn deficit in 1977) and an overall surplus of £1.5bn. Tourist earnings are expected to reach almost £2.5bn.

At the same time net foreign investment almost doubled to £550m, according to provisional figures. Of this, some 40 per cent represented investment in property.

The strength of Spain's external position has been reflected in the accumulation of almost £2bn more in reserves, which almost topped £5bn by the year's end. This was despite early repayment of the 1976 Kingdom of Spain loan of £500m.

Also this week the Bank of Spain announced that because of its strong reserve position the International Monetary Fund (IMF) has asked for accelerated repayment of £137m worth of special drawing rights—the residue mainly from funds provided under the IMF's oil facility in 1974 and 1975.

At least during the first part of the coming year, the authorities envisage little weakening of this strong external position. But the 16 per cent appreciation by the peseta against the dollar since the 1977 devaluation has made exporters anxious to see a slight drop in the currency.

Exporters say they do not believe exports can sustain the same level of increase as the past two years—especially if production costs rise further, the peseta remains at present levels and the domestic economy begins to recover.

Against this, the Administration is resisting the idea of letting the peseta's value fall because of the inflationary impact on the economy. The official consumer price index last year increased 16.5 per cent and now the authorities are striving to reduce this to 12.5 per cent or less.

A major unknown is if and when a decision will be taken on raising energy prices, which in the case of industrial fuel oil is some 30 per cent below the average European cost.

Dutch Navy to train women pilots

By Charles Batchelor in Amsterdam

THE Dutch Navy is to start training women pilots for its marine reconnaissance aircraft. There are no plans though for women to take on combat roles in fighter aircraft or helicopters, the *Ministry of Defence said.*

The women must meet the same standards as their male colleagues. They will be given 12 months basic flying training at the National Aviation School at Eelde followed by a four to five month military training at Soesterberg air-force base. Eight women officers have already applied for the first course which will start on June 30.

This is part of the armed forces programme of integrating women, a Ministry spokesman said. Women are currently employed in administrative jobs and in areas such as the weather service and personnel. They are not employedf in a combat role in any branch of the armed forces.

The Navy hopes that about one-third of the pilots training for duty on its reconnaissance fleet of Breguet Atlantics and Lockheed Neptunes will be women. They must sign on for a minimum of six years. They may then transfer to civil aircraft.

KLM, the Dutch national airline, recently appointed its first woman pilot. Twenty-four-year-old *Marlies Verkaik* began work as a second officer on DC-8s in April 1978.

THE ECONOMIES OF EASTERN EUROPE

Winter imposes its diktat

BY LESLIE COLITT IN BERLIN

THE ECONOMIES of East Germany, Poland and Czechoslovakia have been seriously disrupted by the severe winter weather this month which has already led to emergency imports from the West.

For nearly 10 days bitter cold and blizzards wreaked havoc with energy supplies, industrial production, transport and livestock. The three advanced Comecon countries are now stretching their already strained resources to make up for the losses which came after industry and agriculture already fell well behind the goals set for 1978, the third year in the current five-year plan.

In Poland, essential coal supplies from lower Silesia, for electric power and heating were halted as coal trains could no longer move. Exports of the country's major hard currency earner were held up at the pit-head while Polish industrial output fell as a result of severe cuts in power supplies. Livestock in large automated stock breeding farms perished by the time the Polish Army could get emergency generating equipment operating.

Mining equipment in Czechoslovakia's open-cast lignite mines in northern Bohemia which provide fuel for most *power stations was* crippled by the sub zero temperatures. Even during last year's mild winter the giant excavators in the *Maxim Gorky* mine malfunctioned and production in the mine last year was only 40 per cent of the amount planned.

The Czech Government appealed to industry not to organise special night or week-end shifts as this would only increase power *consumption*. Offices and factories began work at least one hour later to limit power use in the peak morning hours. Czechoslovak TV's first channel did not begin transmitting until 7.30 pm and the second channel was closed down entirely. Czechoslovak schools were shut down until the end of the month and street lighting was dimmed.

In East Germany, the highly developed economy slowed to a fraction of normal production because of frozen open-cast lignite mines, providing two-thirds of the country's energy. Lumps of frozen brown coal caused the electrical systems of the giant bucket-wheel excavators to break down and conveyor belts to rip. Some 3,000 km of railway track in the *mines* which *must be constantly* moved to bring wagons directly to the lignite being strip mined were locked into the frozen ground. *Troops* and *policemen* aided miners in restoring production which had dropped to a third of normal in some mines.

East Germany's largest power plants are built on the rim of *the enormous* open-cast *mines* to save transport costs. Stockpiling the raw brown coal by the power stations was difficult as East German lignite contains up to 60 per cent of water unlike the drier West German variety from the Rhineland and several East German mines were *seriously* flooded in August. One power station after the other had to reduce output as lignite supplies dwindled. Smelting furnaces in steel plants stopped operating for lack of energy and scrap metal, while production *fell* in every industrial sector.

Urgent orders went out from East Berlin to West German coal producers for emergency deliveries of lignite and black coal as supplies of coal from Poland were halted. It *was the* first time in memory that East Germany, the world's largest brown *coal* producer which normally delivers lignite to West Berlin, had bought brown coal from West Germany. All-told DM 100m in additional coal supplies have been received from West Germany and this amount can be expected to show up as another minus in the already deficiatory East German balance of trade with West Germany.

Workers in the strickened brown coal *mines* responded to the Government's call to restore production with remarkable good spirits. They speak with genuine pride to Westerners about not failing "all those others who depend on us for their electricity heat and gas" A special bonus now *being paid of* 30 Marks a day for fulfilling the plan and 40 Marks for exceeding it by 10 per cent has of course helped bolster *their enthusiasm. In* many cases workers are being paid their premiums on the spot.

Livestock losses were heaviest in the large state and co-operative farms of East Germany, Poland and Czechoslovakia, where thousands of cattle, pigs and chickens are kept in sheds which were without heat for days, before generators could be set up by the army. However, by this time, fodder was frozen solid.

East German factories and combines solemnly pledged to the Central Committee of the Socialist Unity Party of Germany and to Herr Erich Honecker, its General Secretary, that they would make up for production losses in a few weeks time. They also promised to turn out an added day's production in time for East Germany's 30th anniversary on October 7, an event no East German is being allowed to forget.

Throughout East Germany factory and farm workers are putting in extra shifts to recoup *the past months* losses while office workers, too, are obliged to put in longer hours. The well-organised campaign to produce above and beyond the planned targets in honour of the Republic's birthday may gain credibility by the winter setbacks to the economy but there is already widespread irritation over tightening labour discipline and a stepped-up pace of work. Endless reports of new pledges from exemplary workers and farmes who gladly *work* in three shifts and thank the party for its "wise advice on improving livestock production" are wearing thin.

Italian parties harden positions

BY PAUL BETTS IN ROME

ITALY'S TWO largest parties, the Christian Democrats and the Communists, appear to be hardening their positions. This leaves little room for an eventual compromise to avoid an early general election following the collapse of the minority Christian Democrat Government of Sig. Giulio Andreotti.

Although the Prime Minister, after tendering his formal resignation to President Sandro Pertini, is expected to be asked later this week to attempt to form a new Government, the general view here is that the Communists are likely to insist on the appointment of Communist ministers in any new administration.

This has already been flatly rejected by the ruling Christian Democrats, who have described the demands of the Communists as "unrealistic."

In the face of the renewed outburst of political violence and continuing economic difficulties, most of the country's main parties claim to be against an early electoral confrontation. But it is unlikely that a lasting political compromise can be reached as long as the two leading parties maintain their current intransigent stand.

The Communists are now coming under increasing pressure from the Left of the party. With the prospect of a key national congress in March, Communist leaders are now clearly attempting to recover some of the electoral ground lost to the Christian Democrats during the two and a-half years of collaboration with the ruling party.

In these two and a-half years, the Communist Party has seen its electoral support drop in a series of regional polls and its position increasingly undermined by extreme Left-wing factions and militant non-aligned union movements. These groups have accused the Communist Party of becoming increasingly conservative by collaborating with the Christian Democrats.

For their part, the Christian Democrats have indicated that only after an election could the party re-examine the controversial issue of direct Communist participation in Government. In any event, the ruling party is generally confident it would gain votes in an election at the expense of the Communists.

Against this background, both leading parties would clearly lose face towards their respective electorate should they accept a compromise which would inevitably involve concessions from both sides on the crucial question of Communist entry into Government.

Genscher in hospital with heart trouble

By Jonathan Carr in Bonn

THE West German Foreign Minister, Herr Hans Dietrich Genscher, is in hospital with heart trouble and will be unable to attend a key congress of his Free Democratic Party (FDP) next weekend.

The FDP said the trouble was not serious and that Herr Genscher, aged 51, would be able to leave hospital in a few days. His speech at the congress in Aachen, which is to decide on policy and candidates for direct elections to the European Parliament, would be read by another leading member of the party.

Herr Genscher, who spent two weeks in hospital a little more than a year ago, is the second *major figure from the ranks* of the governing parties to have heart trouble recently. The Social Democrat Party (SPD) Chairman, Herr Willy Brandt, fell ill before Christmas and is recuperating in the South of France.

Prague misses growth targets

BY OUR VIENNA CORRESPONDENT

THE Czech economy last year failed to achieve its growth target and the party paper, Rude Pravo has warned that the present high standard of living can only be maintained through harder work and better utilisation of reserves.

Even worse was the trade situation with the West. With trade with Comecon developing favourably, the key engineering sector reported sales 10 per cent below the target for the West. Though no details were revealed as usual about the trade deficit with convertible currency areas, Rude Pravo blamed industry for delays in export deliveries while the Government has complained about the protectionist measures applied by Western countries against Comecon exports.

Another weak spot was farming. While the plan envisaged a rise of 3.4 per cent, gross farm output, in fact, was only up 1.5 per cent on the 1977 results. Investment growth was 6.6 per cent up which means that the plan was overfulfilled since it had projected only a rise of 5.6 per cent.

In order to improve economic equilibrium the 1979 plan provides only for a rise of 2.4 per cent in investment outlays.

There was a 4 per cent growth in national income instead of the "approximately 5 per cent" envisaged by the 1978 plan. National income this year should go up by 4.3 per cent and industrial output by 4.5 per cent. Farm output is set to increase by 3.8 per cent while profits of enterprises should be 9.7 per cent higher than 1978 but 60 per cent of the growth should be due to reduced costs.

The country relies on imports from the Soviet Union for the bulk of energy and fuel needs. Last year Czechoslovakia imported 18m tons of crude oil, 13m tons of iron ore and 900,000 tons of cast iron from the Soviet Union.

Meagre results from Kreisky's Czech trip

By Paul Lendvai in Vienna

THE AUSTRIAN Chancellor Dr. Bruno Kreisky's two-day visit to Czechoslovakia last week has shown the limits to Austria's active *ostpolitik*. Though the Prague Communist daily, Rude Pravo, praised the talks as an important contribution to bilateral relations, the Chancellor himself is rather *reserved as far as political* and humanitarian progress is concerned.

Relations with Czechoslovakia have not yet been normalised to the same extent as those with Yugoslavia and Hungary. The Austro-Yugoslav border has for many years been an "open frontier." Since January Hungary too has liberalised entry procedures for Austrian visitors. Austrian citizens, even if born in Hungary, provided they left before 1963, no longer need an entry visa. It is expected that the number of Austrian holiday-makers in Hungary will treble from 470,000 in 1978 to almost 1.5m this year.

Hungary—in contrast to Czechoslovakia and Romania—a year ago abolished regulations obliging Western visitors to exchange a daily quota of Western money into local currency at the official artificial exchange rate.

Hopes that Czechoslovakia would also liberalise or even abolish visa procedures have not yet been fulfilled. Mr. Ludomir Strougal, the Czech Prime Minister, said that "Czechoslovakia cannot go the Hungarian way" in this sphere, because conditions were different. For instance, Hungary during the past 10 years has gradually adjusted its price level to that of the world markets, while the prices between Czechoslovakia and Austria are still very disparate.

The ticklish issue of the safety of the nuclear power stations built near the Austro-Czech border is also unresolved in the wake of reports issued by Czech "human rights group, Charta 77, that two serious accidents had occurred during the past two years in Jaslovske Bohunice near the border. The Czechs are planning to build a number of nuclear plants primarily in the southern part of their country—not far from the site of the first Austrian nuclear plant at Zwentendorf which had to be scrapped following the Government's narrow defeat at a referendum last November.

Another delicate issue, the persecution of human rights activists and the case of the Charta 77 spokesman Mr. Jaroslav Sabata, who was recently condemned to nine months jail, was also raised by Dr. Kreisky.

Austria is the second largest Western trading partner of Czechoslovakia, preceded only by West Germany. The Ministers of Trade will soon meet to finalise agreements. According to Austrian Press reports, contracts to the tune of Sch 2.7bn (about £100m), possibly even up to Sch 4.5bn, may be signed in the coming months. However, the Czech side is demanding the dismantling of certain high tariffs and non-tariff barriers hampering their own sales in Austria.

W. German vehicle output rises

BY GUY HAWTIN IN FRANKFURT

WEST GERMANY'S motor industry production increased by 3 per cent last year, thanks mainly to domestic car demand. The commercial sector, for the second year running, saw sales slip by 6 per cent.

According to the Verband der Automobilindustrie (VDA), the industry's trade association, last year's output totalled 4.186m units, compared with 4.104m units in 1977. The increase was solely attributable to the *100,000-unit* increase in production of private cars, the output of which went up from 3.79m units to 3.89m units.

Home car demand remained relatively strong. Commercial sector output fell back from 313,672 units to 296,188 units.

The year was weak for exports, with a 3 per cent slip in total overseas sales. While car exports dropped from 1.939m units to 1.904m cars and estate vehicles, the decline on the part of commercial vehicles was far steeper. Exports in the commercial vehicle sector amounted to 10 per cent, and this followed the drop of 9 per cent in 1977.

Although the VDA's report is restricted to bare statistics—its full report on the year will be presented this week—it is clear that the rise in the Deutsche Mark against the dollar has been causing the German manufacturers considerable problems. However, in the commercial sector, declining demand is at least in part attributable to the fulfilment of certain "one-off" contracts to the Middle East.

Even so, the VDA contends that demand for West German commercial vehicles is stagnating, and that there is a declining trend noticeable in foreign orders. That German manufacturers are taking the question of costs seriously is obvious from Daimler-Benz's decision to start assembling a range of commercial vehicles in the U.S., despite the fact that the U.S. remains a relatively small market for German commercial vehicles.

Domestic demand remains lively, although there was a small decline in output — a result of the strike which hit the industry early in 1978.

$125m Turkey loan signed

By Metin Munir in Ankara

A REVOLVING credit of $125m backed by Turkey's agricultural exports has been signed between a group of international banks and Turkey's State-controlled agricultural bank, bankers here reported.

The agreement created considerable uproar among the ranks of the political opposition, which charged Prime Minister Ecevit with mortgaging Turkey's agricultural commodities. This may prevent Mr. Ecevit from reaching similar deals.

The agent for the loan is Wells Fargo, while the loan includes such banks as Bank of America, Citibank, Bank Sadarat of Iran, Security Pacific National Bank, Manufacturers Hanover Trust and Crocker Bank. *In all there are 21 banks* participating.

The credit is for three years and carries a spread of 1.62 per cent over London Eurodollar interbank rates. It is guaranteed by the Ministry of Finance and is the largest of its type signed by Turkey.

The opening of the credit was conditional on the repayment of a $150m debt to the 21 banks by Petrol Tfisi, a state agency dealing in oil. The last instalment of $50m was repaid last *Friday.*

Portugal Socialists assail party

BY JIMMY BURNS IN LISBON

THE PORTUGUESE Socialist Party, the biggest parliamentary force, is in disarray, with its public prestige and credibility diminished and its party militants deeply divided.

Such is the main conclusion to be drawn from a 2,000-word self-criticism signed by 18 leading Socialists and published in the official party journal this week.

Although the document is known to have been circulating internally within the party for more than a month, its official publication, only weeks away from the Socialists' important national congress, is significant. It is the first time that the Socialist leadership has openly accepted self-criticism since the collapse of the Socialist-Christian Democrat government alliance last summer and appears to be a first step in a series of important structural policy changes within the party.

The document—whose signatories include Sr Rui Vilar, the Vice Governor of the Bank of Portugal, Sr Joao Soares Louro, the president of Portugal's state-owned television, and Sr Francisco Sousa Tavares, the editor of the influential evening newspaper A Capital—calls for "a radical change in the internal and external image of the Socialist Party, which should begin with changes in its national executive."

The party is criticised for its *political* offensive against President Antonio Ramalho Eanes, and for its flirtations with the Communist Party, particularly on the controversial subject of agrarian reform.

Significantly, the document seeks to impress the party with the need to collaborate more closely with those political parties seeking a revision of the constitution. Moves in this direction are being led by both the Social Democrat (PSD) and Christian Democrat (CDS) parties and are being virulently opposed by the Communists.

France cracks down on Basques

BY DAVID WHITE IN PARIS

FRENCH AUTHORITIES clamped down yesterday on Spanish Basques suspected of using France as a base for guerrilla activities in Spain.

The Foreign Ministry in Paris said that Spanish nationals would no longer be granted refugee status in France in view of Spain's new democratic regime. Twenty people were detained yesterday and seven of them deported back to Spain.

The Interior Ministry said that the other 13 were confined to their homes pending investigations.

According to police, the seven were deported because they had no valid residence papers. Being no longer considered as refugees, Spanish Basques will in future be subject to ordinary regulations for residence and work permits.

The clamp-down, which took place in the French Basque region between Bayonne and the border town of Hendaye, followed talks in Paris earlier this month between Sr. Marcelino Oreja, the Spanish Foreign Minister, and M. Jean Francois-Poncet, his French counterpart.

Sr. Oreja pressed Spain's case for stopping Basque militants from planning their attacks from French bases.

Three Basque separatist leaders have been victims of assassination attempts in France since last summer. One of the founders of the ETA independence movement, Sr. Juan Jose Echave, was shot and wounded in Saint-Jean-de-Luz last July. In December another top ETA man, Sr. Jose Miguel Banaran, was blown up in his car at Anglet, and two weeks ago another separatist, Sr. Jose Manuel Pagoaga Gallastegui, received severe shotgun wounds.

After the last attack, the French started turning back Spaniards from Basque border posts.

The French moves are aimed at removing a certain sourness which the Basque problem has brought into relations between the two countries. President Giscard d'Estaing has sought to show solidarity with democratic Spain, but the Basque issue has remained a delicate one for France. The French authorities turned a blind eye to Basque guerrilla activity aimed against the Franco regime, and it is feared that severe *restrictions* now would bring repercussions in the form of Basque guerrilla attacks on French territory.

The French have, therefore, tended to play the problem down despite Spain's appeals for a show of French support in fighting terrorism.

Steel protests turn violent

BY OUR PARIS STAFF

PROTESTS OVER steel redundancies in Lorraine erupted into violence yesterday, marking a sharp deterioration in the French labour scene.

The first direct confrontation between protesters and police occurred at Longwy, where workers kidnapped three executives on Monday. Several policemen were injured early yesterday as they used axes to break into the offices where the three were being held. Steel unions organised a demonstration yesterday afternoon to denounce the police action.

Other incidents occurred in the northern steel centre of Denain and in the neighbouring *town of Trith.* Railway stations were occupied and tyres were set alight on the tracks. Iron ore miners at Jarnisy in Lorraine held up a train-load of Mauritanian ore and tipped the contents of the waggons on the line.

The unions said most of the protests were spontaneous.

An orderly demonstration took place at La Rochelle, on the Atlantic coast, where Chrysler is planning to cut 250 jobs.

Danes foresee output rise

By Hilary Barnes in Copenhagen

DANISH INDUSTRY expects a substantial increase in production in the first quarter of this year, according to the Bureau of Statistics' business expectations survey.

Thirty per cent of companies said output would rise: 15 per cent expected it to decline; and the rest saw no change.

Little change is expected in employment or domestic orders, but 27 per cent thought export orders would rise, against 11 per cent expecting a fall. In the fourth quarter of last year, the survey showed that output, employment and domestic and export orders all increased. Production increases were reported by 39 per cent of companies, compared with 19 per cent reporting a decline.

Norway opposition leaders quit

BY FAY GJESTER IN NORWAY

THE LEADERS of two Norwegian opposition parties—the Christian Democrats, and the Centre (Farmers) Party—have resigned.

The resignation of Mr. Gunnar Stalsett, the Centre Party chairman, was unexpected and has created a minor sensation in political circles here. He became chairman only two years ago, and as recently as November said he intended to stand for re-election at the party's congress this spring, despite some internal party opposition.

The position of Mr. Lars Korvald, the Christian Democrat *chairman*, is very different. He has the full backing of his party, and remains its candidate for Prime Minister, should a non-Socialist coalition replace the present Labour Government. For some time, however, he has been anxious to hand over the chairmanship of the party to a younger man.

Mr. Lars Korvald

He has held the office since 1967, apart from a two-year period (1975-77) when Mr. K. Kristiansen was chairman.

Mr. Korvald was an uncontroversial Prime Minister in the coalition which ruled Norway for a year after the 1972 EEC referendum, and he is respected by the two parties—Centre and Conservative — which would probably partner the Christian Democrats in a coalition. He is likely to be succeeded either by Mr. Kristiansen or by Mr. Kjell Bondevik, his young deputy chairman.

Mr. Stalsett's decision to stand down as Centre Party chairman reflects dissatisfaction among the party rural rank and *file with his style of leadership*, his urban image, and the party's poor performance in opinion polls, following the heavy losses it sustained in the 1977 parliamentary elections.

Meanwhile a threatened 12-hour strike by about 700 employees on Norway's Ekofisk field, which would have temporarily stopped oil and gas production, has been shelved *for the time being to allow the* Labour Court to rule on its legality.

Workers on the field belonging to an independent union have planned the action as a political protest against alleged favouritism shown to TUC affiliated unions.

They say that members of TUC unions have in some cases been granted dispensation from the Government's current wage freeze, while members of their union have not even been allowed a pay increase agreed before the freeze, but not due to take effect until January 1.

The planned strike is not directed against the field's operators, Phillips Petroleum, with whom the union normally has good relations. The company was unwilling to accept a break in production, however, and asked Stavanger's municipal court to declare the action illegal.

On Monday evening the court ruled that the strike—originally scheduled for Tuesday—could not be held until the Labour Court decides whether or not it is legal.

Greek union rejects wage offer

BY OUR ATHENS CORRESPONDENT

THE GREEK General Confederation of Labour (GGCL) has turned down an offer by the Federation of Greek Industrialists to pay a 14 per cent increase in minimum wages and salaries for 1979.

The GGCL is *asking for* a 22 per cent increase in minimum wages and salaries to cover the rising cost of living. It is also seeking a five-day 40-hour week, tax adjustments to favour the lower-paid, an increase in overtime paid for night work, and improvements in working *conditions as* suggested by an International Labour Organisation report last year.

In addition, the Confederation is asking for automatic increases sealed to the cost of living index.

The Federation of Greek Industrialists has proposed to raise daily wages for unskilled workers to Dr410.40 (£5.70) from the present Dr360 (£5) and minimum monthly salaries to Dr8,550 (£118.75) from the present Dr7,500 (£104). As proposed, this 14 per cent increase would be paid in two stages—6 per cent from February and 8 per cent from June.

The Government, which is anxious to contain the inflation rates at about 10 per cent this year (it was 11.5 per cent in 1978) will now try to *mediate* in the dispute. If this mediation fails, the Minister of Labour will refer the matter to an arbitration court.

FINANCIAL TIMES, published daily except Sundays and holidays. U.S. subscription rate $365.00 per annum. Second class postage paid at New York, N.Y. and at additional mailing centres.

Black will head the Ford Foundation

By John Wyles in New York

A BROOKLYN-BORN black lawyer, Mr. Franklin Thomas, has been appointed the next president nf the Ford Corporation, perhaps the most important post in U.S. philanthropy.

Mr. Thomas, 44, will succeed Mr. McGeorge Bundy, the former national security adviser to Presidents Kennedy and Johnson, whn has headed the U.S.'s largest and most influential foundation since 1966. He announced five years ago that he would retire this spring at the agn of 60.

The choice of Mr. Thumas follows a year's search by a committee of seven trustees. The final decision was made last weekend with Mr. Thomas apparently gaining the verdict over Dr. Richard Lyman, the president of Stanford University.

Mr. Thomas has heen a trustee nf the foundation since 1977 having previously been a deputy police commissioner and head of the Bedford-Stuyvesant Restoration Corporation from 1967 to 1976. The corporation was dedicated to the redevelopment of the Bedford-Stuyvesant area nf Brooklyn and during Mr. Thomas's tenure it spent $63m of private and public funds on job creation and the restoration of housing.

At the Ford Foundation Mr. Thomas will preside over assets of $2.2bn and expenditure and grants which totalled $160m in the last fiscal year. His appointment will undoubtedly make him one of the leading blacks in U.S. public life because the policies of the Ford Foundation tend to set the tone and direction for the smaller charitable trusts.

Under Mr. Bundy, the foundation's most positive development was its unequivocal support for civil rights projects. In the last five years it has seemed to lose some of its sense of direction partly because in 1973-74 lavish spending coupled with a stock market slide cut its assets from $3.1bn to $1.7bn.

Mr. Thomas says that there will be no wholesale shift of emphasis at the start of his presidency, and he expected financing of international projects to continue.

Headaches for the media as the twain meet

BY JUREK MARTIN IN WASHINGTON

Jody Powell

IT IS EVIDENT from the first couple of days of the U.S. tour by Chinese Vice-Premier Deng Xiaoping (Teng Hsiao-Ping) that the Cbinese still bave a few things to learn about the American media.

The first cause for complaint is that no formal Press conference is on Deng's schedule. He is due to bold a private meeting with regional editors in Honston and Seattle and bas a session booked tumorrow with the principal television "anchormen." But the serried masses of writing and electronic journalists deem this inadequate.

Mr. Jody Powell, President Jimmy Carter's Press Secretary, insists that efforts are still being made to work something out with the Chinese, bnt that it is not proving easy. Indeed, if one considers the parallel negotiations between Deng's party and the television networks, one can see why.

For a start, the Chinese committed the ultimate solecism in naming those they thought should interview Deng when they omitted the name of Barhara Walters, ABC's doyenne of the box, known universally in this country as Baha Wawa hecause of her difficulties with the letter "r". Ms. Walters, bowever, states that she is not the least bit discomfited.

The next problem came with translation. The Americans insist that, in order to stop viewers from falling asleep, there should be simultaneous translation nf Deng's words. Not so, according to the Chinese, because the Chinese language is complicated and full nf nuances: translation should be sequential, giving the interpreter adequate time to find the right words.

That issue is still in the air. So is whether the interview should be broadcast in full or presented in excerpts. Non-commercial television is willing to go along with the Chinese and give it the full treatment, but the commercial networks, mindful of breaks for advertising, do not like that solution.

The diplomatic journalistic corps, for its part, is clucking darkly abont the fact that only a Press statement is to be issued, not a communique. Mr. Cyrus Vance, the Secretary of State, tried to explain this distinction by saying that the Chinese liked to issue communiques only on very special occasions. Was not a momentous visit such as Deng's such an occasion? he was asked. Hoist with his own petard, Mr. Vance grinned lamely.

Even the return nf Mr. Richard Nixon to the White House bas left the Press a bit frustrated. He has behaved with decorum and correctness, secreting himself in a country hideaway until just before Monday night's State banquet and declining to attend the gala performance of American arts afterwards. He had a few moments with Deng, Mr. Carter and selected guests before the dinner, bnt refused to comment on that event.

At dinner, he was placed discreetly below the salt, as it were, with one or two second-rank luminaries and the wife of the head of Pan-American Airlines. "He bubbled," Mrs. Seawell said later, but the bubbling was private.

The guest list for the dinner provoked inevitable grouses. The Congressional black caucus inspected it and pronounced its horror that no prominent American black had been invited.

The White House scratched its bead and, lo and behald, Mr. Andrew Ynung, the Ambassador to the United Nations, who was said to have declined to come previously because of a prior commitment, found himself eating roast veal as well. (The choice n f a main coursn also presented a problem: the Congressional dining room staff had planned to serve veal tn Deng and complained bitterly that the White House had failed to inform it of the dnplication.) This is what is known as the Balkanisation of American society.

The Press has tried to have a little fun with Deng's height (be is barely 5 ft tall). The problem is how to convey a sense of the Vice-Premier's smallness without being insulting. There is a contest afoot for the reporter who can write the most without using the word "diminntive.

The Press also may be a wee hit embarrassed in that the disruptions caused at yesterday's opening ceremonies came from the Press stand—and from Maoists and supporters of the Gang of Four to boot.

Deng Xiaoping

In fact, the two people apprehended were accredited properly as representatives of The Worker, an organ of the Revolutionary Communist Party.

Monday night's hrief street riot outside the White House was also the work of the Maoists, who in the end mustered almost as many demonstrators as those waving Taiwanese banners earlier in the day.

Out of touch with Mexico

BY WILLIAM CHISLETT IN MEXICO CITY

THE STATE of Oaxaca epitomises underdeveloped Mexico. Seven times as many people live in Mexico City (14m) as in this poverty-stricken southern state and the way of life for many, particularly the pure Indians, has changed little since the Spanish conquest.

There is little talk here of Mexico's booming oil production and the changes which the petrodollars may bring. This is partly because there is no oil in this part of Mexico, but more because Oaxaca is out of touch with the capital.

Television, a small supply of national newspapers and the thousands of tourists who flock to view the pre-Columbian ruins and admire the beautiful central square of Oaxaca, the state capital, are the only real link with the outside world.

Indigenous

Communication is difficult for the Spanish-speaking population, but it is virtually impossible for those who only speak one of the 15 indigenous languages. Twenty per cent of the 2m. population do not speak Spanish, according to the latest census in 1971. A million people speak just Spanish, 600,000 Spanish and an Indian language, like Zapoteca, and the remaining 400,000 need an interpreter or sign language to talk to their Spanish-speaking compatriots.

Tourists practising their broken Spanish will often find they are not understood as they try to bargain in the markets for handicrafts and colourful rugs, hand-woven by Indian girls.

The Indian languages are not alike. Thus, communication is often impossible between villages on the borders of different regions (there are seven in the state), and violence bas erupted between neighbouring villages.

The people still live in huts thatched with palm leaves and sleep in hammocks. The donkey is still their most common transport, and their dres—including, in some areas, hollowed gourds worn as hats—has changed little.

The Indian women wear their hair plaited with ribbons and wound around their heads. In villages by the Pacific coast, some people have distinct African features; they are descendants of an African tribe shipwrecked last century on their way to the Philippines.

The women go barebreasted and the men carry machetes as if they were extensions of their arms.

Oaxaca, with such neighbouring states as Guerrero, is precisely tbe kind of area where the Government bopes to use oil mooey to improve the lot of the poor. Many of the 1,000 people a day who arrive in Mexico City from the countryside, swelling the capital's population to unmanageable levels, come from Oaxaca.

Pope John Paul spoke to 250,000 peasants in Oaxaca state on Monday, choosing the theme of the poor and their plight, and urging reforms to improve the lot of the landless and the downtrodden.

The minimum daily wage for "salaried" workers in Oaxaca went up from 75 to 100 pesos (£3.15) at the beginning of January, hut is still among the lowest in Mexico. Many people earn less than this, and depend on wbat they can earn from their crops or bandicrafts.

Coffee, cotton, corn and sugar cane are the main crops, and to a lesser extent marijuana, which is smuggled into the U.S. The marijuana trade is flourishing, but the Government is nsing the army and crop-spraying helicopters to counter it.

Unemployment and nnder-employment in Oaxaca state are over 50 per cent. Alcoholism is rife, and the crimfe rate is high. Children are sent by their families to beg in the central square of the capital, and men drunk on Mezcal can be seen asleep on the pavements and in the parks.

The indigenous population is still very much the prey of caciques (local bosses), who play a prominent part in daily life. The cacique may be an Indian who has made good, or a meztizo (of mixed hlood) who gets villagers into his debt, and thus is able to buy their crops at minimum prices.

Politically, this "marginal" sector of the popnlation, wbich includes not just the Indians hnt also the Spanish-speaking rural poor, abstains from voting in large numbers, or votes for the ruling Institutional Revolutionary Party (PRI). In the 1976 elections the abstention rate in Oaxaca was over 60 per cent.

Support

Just as the efforts of the Government's special employment fund, created as a separate account from the oil money, will be directed to sucb states as Oaxaca, so too the PRI regards Oaxaca as a key area where it has to win back the support and confidence of the people.

The Communists, and other left-wing parties legalised last year, will present candidates for the first time this year for the congressional elections. They are not expected to looseen the PRI's grip, but in states like Oaxaca their presence could set the fuse for a time bomb.

U.S. steel imports at record high level

Steel imports into the U.S. reached a record 21.13m tonnes last year, 9.5 per cent up on 1977, John Wyles reports from New York. With the U.S. steel market significantly stronger than the year before, imports appeared to have increased marginally their 17.8 per cent market share of 1977, despite the introduction of the Federal Government's trigger price mechanism, which was expected to reduce their share to between 12 and 14 per cent.

Imports in December totalled 1.37m tonnes, 34 per cent lower than the year before. The American Iron and Steel Institute attributed December's decline to lower shipments from the EEC—466,800 tonnes compared with 713,000 tonnes in Nnvember.

King's gift 'spent'

A gift of $30,000 from King Khaled of Saudi Arabia to the police department of the debt-ridden city of Cleveland, Ohio, has heen spent illegally by the administration of Mayor Dennis Kucinich, according to the president of the city council, AP reports from Cleveland.

Housing starts fall

U.S. housing starts will fall to 1.7m this year from over 2m in 1978 according to Mr. Robert McKinney, chairman of the Federal Home Loan Bank system, Martin Taylor reports. The FHLB system will regulate housing starts this year in line with the expected slowing of the economy.

Guyana strike

THE State-owned Guyanese bauxite industry was almost at a standstill yesterday as workers went on strike in protest at the dismissal of two workers, Mohamed Hamaludin reports from Georgetown. Guyana Mining Enterprise claims it has proof that the joh performance of the men was below standard. The Trades Union Congress has been asked to intervene.

Uruguay devalues

The Central Bank of Uruguay yesterday devalued the peso to a buying rate of 7.18 pesos to the U.S. dollar and a selling rate of 7.20 pesos AP-DJ reports from Montevideo. It was the eighth devaluation this year.

OVERSEAS NEWS

Iran ready to welcome Khomeini as army opposition to arrival fades

BY SIMON HENDERSON IN TEHRAN

IRAN IS preparing to welcome Ayatollah Khomeini, the exiled opposition religious leader, after the Government of Dr. Shahpour Bakhtiar seems to have resigned itself to the certainty that he will come.

The only questions remaining are exactly when he will arrive and whether the army, whose leadership is still fiercely pro-Shah, will openly oppose his arrival.

The will of the military to resist actively his coming, as they did last week by closing the country's airports, seems to have waned, although senior generals are still said to be opposed to the establishment of the Islamic republic which the Ayatollah would introduce.

Yesterday was comparatively quiet but nevertheless did not afford a respite to Dr. Bakhtiar who is still believed to want a constitutional change, with himself remaining in power and the Ayatollah purely looking after the religious welfare of the nation.

Demonstrations were reported from many towns, including Tehran, but there were no reports of clashes with the military. Much of central Tehran was a "no-go" area for the army. The whole of the main street leading from the centre of town to the airport was broken at intervals by barricades. The army, though, was in force down side streets and around police stations. The headquarters of the gendarmerie, scene of a violent clash on Sunday in which more than 30 died, was guarded by two tanks and several armoured cars.

In Isfahan, what could have been a very ugly clash between Americans trapped in a luxury hotel and an angry crowd of local people intending to burn down the building was only narrowly avoided. The incident began when a black American believed to have been working with the local security forces shot and wounded his Iranian taxi driver, after a dispute over money.

Meanwhile at the Ayatollah's temporary headquarters at Neauphle-le-Chateau near Paris, it was still uncertain whether the religious leader's aircraft would be allowed to fly to Iran.

The Ayatollah's aides, quoted by Reuter, said Air France received no reply from Tehran when the airline asked permission to fly his chatered jumbo jet from Paris.

Reuter adds from Washington: The U.S. yesterday ordered all non-essential Government employees and their dependents to leave Iran. The State Department also recommended dependents of U.S. private citizens to leave as soon as possible.

Britain, meanwhile, has decided to use RAF transport aircraft to evacuate some of its nationals from Tehran because of fears of increased internal disorder and the insufficient number of commercial aircraft on scheduled flights.

Three Hercules aircraft will fly from Bahrain this morning and will continue daily flights while there is a demand for them.

Paul Martin adds from Cairo: Despite President Sadat's assertion that the Shah of Iran would be welcome to spend the greater part of his "leave" in Egypt, most officials here are hoping that the Shah will have the good grace to decline the invitation.

They have admitted that the Shah's presence would be embarrassing and fear that Iranians might think the Shah is seeking to influence events from the protection of Egypt.

President Amin

Tanzanian attacks add to Amin pressure

By Our Nairobi Correspondent

UGANDAN PRESIDENT Idi Amin, facing a determined effort to topple him by his Ugandan opponents and the Tanzania army, is under the heaviest pressure since he came to power eight years ago.

Fighting has been going on since last October along the Uganda-Tanzania border, west of Lake Victoria. The Ugandans claim that Tanzanian forces, who started a new push last week, are now 30 miles inside Uganda.

The official Tanzaniao version is that some of their forces crossed into Uganda in "hot pursuit" after a Ugandan artillery and rocket bombardment across the border.

But the Ugandans claim that the Tanzanians launched determined attacks, some of which broke through thinly-held sections of the Ugandan lines.

Both sides are playing down the role of the anti-Amin Ugandans in the current confrontation. But the recent call by ex-President Milton Obote, the man Mr. Amin toppled in 1971, for a revolt in Uganda has greatly encouraged dissent inside Uganda and has alarmed the regime.

Road blocks and strict security checks have been mounted in many parts of Uganda, and numerous arrests have been made of people suspected of contact with Ugandan exiles. There is reported to be unrest in many army units, resulting in sabotage of military and civilian equipment.

The protracted campaign on the border is also lowering morale among soldiers, and Dar es Salaam radio is broadcasting nightly programmes in Luganda, the language spoken in Southern Uganda, attacking President Amin and encouraging revolt.

There has been no direct rebellion in the Uganda army, but President Amin is worried, and has ordered the immediate arrest of personnel suspected of disloyalty.

Both the Ugandan and Tanzanian armies are fairly evenly matched in strength and firepower, but the Ugandans have shorter and more manageable lines of communication to the border area.

Ugandan forces occupied 710 square miles of Tanzania for two weeks in November, but then withdrew in response to strong pressure on President Amin from the Organisation of African Unity (OAU) and from many African leaders.

Since then, the Ugandans do not appear to have crossed the border, apart from some local skirmishing. But the Tanzanians have crossed into Uganda several times, and the Tanzanian policy is to keep up the attacks on President Amin with the aim of bringing him down.

President Amin has sent urgent appeals to the United Nations asking for support, and pleading for the withdrawal of Tanzanian forces from Uganda. But his appeals have made little impact—mainly because the world no longer takes President Amin seriously.

He has complained to the UN Secretary-General, Dr. Waldheim, that many world leaders appealed to him to withdraw his forces from Tanzania last November. But nobody now seems prepared to appeal to President Nyerere to withdraw from Uganda.

Mediation attempts by the current OAU chairman, President Nimeri of the Sudan, have come to nothing because, while President Amin says he is ready to accept mediation, President Nyerere demands that African countries must first condemn Uganda for its aggression against Tanzania.

The Tanzanian decision to allow ex-President Obote, for the first time during his eight years in exile in Tanzania, to appeal directly for a rebellion in Uganda, indicates a belief that there is now a good chance of toppling President Amin.

The Ugandans also insist that many Obote supporters, including hundreds of former soldiers and police, are now fighting with the Tanzanian forces on the border. Most of them have been in exile in Tanzania for years, and have received military training in camps there.

Algeria's army keeps tight grip over choice of new President

BY SUSAN MORGAN IN ALGIERS

SPECULATION continued yesterday over the candidate to be nominated as President of Algeria in succession to Houari Boumedienne. As more than 3,000 National Liberation-front (FLN) delegates remained locked in secret debate for the fourth consecutive day, it became clear that the army is playing a dominant role.

The man most widely favoured to succeed is Colonel Benjedid Chadli, aged 49, military commander of Oran and, since President Boumedienne's death in December, acting chief of staff of the army. He is considered to be the army's candidate after deadlock was reached between supporters of Mr. Abdelaziz Bouteflika, the Foreign Minister, and more radical army elements backing Mr. Mohammed Yahiaoui, the administrative head of the party.

Yahiaoui's candidature is said to be opposed by the army who consider him too left-wing although he has the support of much of the youth, some mass organisations and the media. The official newspaper. El Moudjahid, carried a two-page report of a speech by him yesterday and he is widely expected to hold an important post in the new Government.

POLISARIO guerrillas claimed yesterday to have attacked the southern Moroccan town of Tan Tan, Our Algiers Correspondent reports. Mr. Omar Hadrani, of the movement's executive committee, said the guerrillas, who are fighting for the independence of the Western Sahara, had destroyed military installations and freed a number of prisoners. Twelve hours after entering Tan Tan on Sunday, they were in complete control. Guerrilla attacks on Morocco and the Mauritanian-held Sahara have been increased since the death of President Boumedienne of Algeria in December. Tan Tan is well inside Morocco and this latest attack demonstrates Polisario ability to penetrate deep into enemy territory.

Bouteflika's candidacy has been attacked by the radicals and damaged by a reputation, probably undeserved, of being too pro-American.

Benjedid Chadli enjoys considerable prestige within the army and is considered a moderate though with a limited political background.

One of the most significant elements since Boumedienne's death has been the preponderant role of the army. Not only is the army's candidate likely to become President, but a large majority of Government posts are also expected to go to the military.

It is understood that the army, which has over 600 delegates at the party congress, is closely controlling the debate. Its dominance is understandable, given that it is the only really organised body in the country.

The other big question is how far new statutes will reduce the President's powers. Already the Revolutionary Council has been dissolved and a central committee headed by a political directorate is to replace it. It is widely expected the congress will make provision for the appointment of a Prime Minister and a Vice-President and that legislation will be initiated to cope with the decease of a President in future.

Israel blows up guerrilla homes

ISRAEL YESTERDAY blew up the homes of four West Bank residents accused of guerrilla activity and has ordered the deportation of one student in a toughening of its policy towards the Palestinians in the occupied territories, David Lennon writes from Jerusalem.

Three houses were blown up early yesterday near the West Bank town of Nablus and another house was destroyed in the village of Abu Dis, near Jerusalem.

An army spokesman said that four known Palestinian guerrillas had lived in these houses. The spokesman was not able to say whether any of the people involved had been brought to trial.

The timing of the house demolition indicates that it was intended as a retaliation for the bomb blast in the Israeli coastal town of Netania on Sunday in which three people lost their lives. House demolition was a common form of punishment for guerrilla activity during the late 1960s, but had been abandoned by the authorities in the past two years.

Gandhi seat vacant

India's election commissioner ruled yesterday that the expulsion of former Prime Minister Mrs. Indira Gandhi from Parliament last month meant that her seat in south India was vacant, Reuter reports from New Delhi. A fresh election must now be held. Parliament decided last month that she had committed a breach of privilege and had held the legislative body in contempt.

Pakistan fiscal study

Pakistan's military ruler General Zia-ul Haq has ordered the creation of a national finance commission by next month which will make recommendations on the balance of fiscal powers between the country's central and provincial Governments, Chris Sherwell writes from Islamabad.

Japanese protest

Japan yesterday said it would protest to the Soviet Union over a build-up of armed forces on northern Pacific islands claimed by both countries, Reuter reports from Tokyo.

Eurafrique

ON DECEMBER 10 the Johannesburg Sunday Times carried an interview with Mr. Stuart Pegg, which gave the impression that the South African Department of Information controlled the French monthly magazine France Eurafrique. The interview was quoted in the Financial Times of December 12. The director of France Eurafrique informs us that there is no foundation to this report.

Khmer Rouge regains two towns

BY RICHARD NATIONS IN BANGKOK

FORCES LOYAL to Pol Pot have lodged large-scale counterattacks in the past week, unexpectedly wresting control of at least two major provincial towns from the Vietnamese in Cambodia.

Analysts here view it as another indication that the Khmer Rouge are restoring the integrity of their army far more quickly than was expected by anyone, particularly the Vietnamese.

Although scattered and isolated Khmer Rouge units have harassed the Vietnamese since losing Phnom Penh over three weeks ago, the recapture of Takeo, 50 miles south of Phnom Penh, on January 21, was the first major Khmer Rouge assault involving armour, artillery and two brigades of infantry, each of about 1,000 men.

The Vietnamese recovered Takeo only after several days of intensive fighting and heavy air attacks which destroyed seven Khmer Rouge tanks and several heavy vehicles, analysts here say.

The surrounding countryside continues to be heavily contested.

Simultaneously, large units of Khmer Rouge forces dislodged the Vietnamese from the coastal towns of Kampot and Riem; and have managed to sustain large-scale engagements for over 10 days, bottling up Vietnamese units in Kampong Chhnang and Battambang, major provincial capitals northwest of Phnom Penh along Highway 5.

The same sources say a Vietnamese armoured column has been stalled for over a week

by artillery-backed defences south-west of Battambang, 30 miles from the Thai border along Highway 10.

In some of these contests, Vietnamese casualties have been in the hundreds.

Analysts say the unexpected escalation from the Khmer Rouge side indicates that Pol Pot loyalists have restored their army's command structure.

Other reliable reports confirm that the Khmer Rouge have established two military headquarters which communicate with tactical units in the field and co-ordinate operations.

One analyst estimates that four-fifths of the Khmer Rouge army has reformed after initially dissolving in face of the Vietnamese offensive.

The 14 Vietnamese divisions in Cambodia remain heavily road-bound, at the end of over-extended supply lines which are weakened by destroyed bridges, and trenched and mined roads. They are vulnerable to daylight attack.

The Vietnamese recently have had to airlift rice to forward positions in Battambang and Siemreap—traditional granaries of Cambodia.

Moreover, analysts here do not discount Khmer Rouge claims that they have launched small-scale raids within 12 miles of the capital, Phnom Penh.

None of this threatens the gains of Vietnam's 14-day lightning assault to capture Cambodia. But it increases the price, and promises to slow the extension of the new Cambodian administration in Phnom Penh, led by pro-Vietnamese Heng Samrin, into the countryside.

"It now looks like a far longer, bloodier and more expensive operation than Hanoi probably counted on," one analyst commented.

Ba'ath dispute strains unity bid

BY ROGER MATTHEWS

SYRIA AND IRAQ, bitter foes for over a decade, have shown at a three-day summit here that they still have a long way to go on their path to unity.

The meeting appeared to succeed in laying down guidelines under which unification could be discussed, but it was emphasised that the rivalry between the two ruling factions of the Ba'ath party remains the biggest obstacle to this aim.

Mr. Saddam Hussein, vice Chairman of the Revolutionary Command Council and leader of the Iraqi delegation, told a press conference yesterday: "It is not possible to achieve union between the two states without first having achieved the union of the party."

The Ba'ath party, formed in the 1940s, split in 1966 and the struggle between the two wings became increasingly bitter. Mr. Saddam Hussein indicated that his talks with Syrian President Hafez al-Assad had concentrated on laying down the guidelines under which unification would be discussed and repeatedly used the words "exploratory" and "preliminary."

A further summit meeting is likely to be held in Baghdad before the end of April, but meanwhile talks will continue to be made to demonstrate the effectiveness of the rapprochement.

These will concentrate on economic relations, foreign policy, cultural and information activities. However more substantial results will depend on the progress that is made on resolving the Ba'ath party difference.

"Union will be established quickly but not at the expense of precision," said Mr. Saddam Hussein. He claimed that the new-found "brotherhood between Syria and Iraq had caused a major change in the balance of forces in the region." The two countries agreed to end their bitter feud and work towards unity three months ago as a response to the Camp David peace agreements.

Ihsan Hijazi adds from Beirut: Dr. Saadoun Hammadi, the Iraqi Minister of Foreign Affairs, said in an interview published here yesterday that the projected union between Iraq and Syria will be fulfilled within three months if not before.

He was quoted in the Lebanese daily An Nahara as saying the two countries were seeking to establish one state and not a mere confederation.

Dr. Hammadi is a member of the Iraqi delegation to the talks in Damascus with Syrian leaders.

Dr. Hammadi declared the talks were centred on the form of unity the two countries will eventually have, and on re-uniting the Baath Party, whose rival factions rule in the two neighbouring Arab states.

The party split was largely responsible for a decade of hostility between Damascus and Baghdad which was brought to an end when they signed a charter of cooperation last October and decided to move on the road to full union.

Once preparations are completed, Iraqi and Syrian leaders will meet again, this time in Baghdad, within three months "if not less," to proclaim the union, he said.

In another development, tension has been building up here between Syrian troops of the Arab League peace-keeping force and Christian militias after clashes in the past two days in the capital's south-east suburbs.

A communiqué by the force said eight people were killed in the past 48 hours in what was described as a premeditated attempt to heighten Lebanese tension. The militias furthermore blew up a main highway in an attempt to cut off Syrian positions.

Two soldiers from the United Arab Emirates serving with the Arab peace-keeping force in the Lebanon were shot dead yesterday and three were wounded after they strayed on to a Beirut highway known as a frequent scene of shooting.

UAE plans for downstream industry

THE FINANCIAL TIMES conference on business in the Gulf opened at the Grosvenor House Hotel yesterday at a time when the Iranian crisis has made many businessmen nervous about prospects in the area. It is also long enough since the 1973-74 oil price rises for the performance of businesses in the region to be more carefully assessed.

After an opening adress by Lord Selsdon, of Samuel Montagu and Co., Mr. Sayyid Mana Saeed al-Otaiba, Abu Dhabi's Minister of Petroleum and Mineral Resources explained the attitude of the United Arab Emirates to downstream industries based on oil and gas. He hoped that eventually—perhaps within five or 10 years—half of the UAE's oil would be refined domestically.

He pointed to the heavy investment being made in the development of downstream industries in the UAE. Asked where petrochemicals and fertilisers would find markets, he said he thought they could be sold in India, China and even Australia.

Mr. Michael Field's analysis of the performance of heavy industry in the Gulf was pessimistic. The availability of raw materials, and particularly the input of gas and oil, was not questioned, but, he said, the prospects for revenue from industry replacing or supplementing oil revenues was far more limited.

The markets for fertilisers and petrochemicals in western Europe might not be there. Where they were Algeria was in a better position to benefit from them. Abu Dhabi and Qatar had emphasised heavy industrial development, Kuwait's enthusiasm for such development was more restrained.

Saudi Arabia, on the other hand, could look on its industries as essentially a training ground to be financed by its enormous oil reserves. So far, Mr. Field said, the performance of industries in the area had been disappointing. Capital costs were high, though they were now dropping as infrastructure improved. Net profits were small compared to current oil reserves.

As the countries of the Gulf and Saudi Arabia tried in future to find markets for their downstream industries the sale of crude oil could be linked to purchase of industrial products

from these oil states. That clearly posed political problems.

Dr. Jawad Hashim, president of the Arab Monetary Fund, spoke of the rapid development of the Arab and Islamic funds since 1971. At that time, he pointed out, there was only one regional fund in the area. Only $800m was committed but this had now gone up 21 times and some $6bn was committed by the six funds now operating.

Mr. L. Zurich, of Peat Marwick Mitchell, reviewed projects in the Gulf in the 1980s. He noted the rapid success of the South Koreans. The thrust of investment in the housing sector was particularly impressive, he said.

Britain, Mr. Zurich said, had won many small contracts in the UAE and Saudi Arabia but, in the 16 months to October 1978, had not won any contracts worth over $1bn. Contracts of that size were won by Brazil, Malaysia, Holland and South Korea.

To answer the question of how the British Government could help its exporters, Mr. Owen Kemmis, Department of Trade, said it was important to concentrate on Saudi Arabia.

Mr. Cato A. Holmsen spoke about the smaller company in the Gulf and how it could succeed in business in the region.

The conference continues today.

BOND DRAWINGS

IRELAND

7% Sterling/Deutsche Mark Bonds 1981

S. G. WARBURG & CO. LTD., announce that Bonds for the nominal amount of £582,000 have been drawn in the presence of a Notary Public, for the redemption instalment due 1st March, 1979.

The numbers of the Bonds so drawn are as follows:—

£500 Bonds

4860 4861	4940	4945 to 4949	4951 to 4956	4960 4981
4963	4973 to 4975	4980 to 5010	5018 to 5020	5025 5026
5035	5038 to 5063	5066 to 5089	5080	5131 to 5136
5142	5185 to 5181	5227 to 5230	5233 5237	5238 5251
5252 5254	5255 5265	5266 5275	5277 to 5290	5292 to 5298
5322 to 5329	5332 to 5351	5363 to 5367	5373 to 5378	5385 5395
5396 5402	5409 to 5430	5439 to 5442	5445 to 5448	5457 to 5460
5475 to 5481	5484 5489	5490 to 5482	5494 5495	5500 to 5502
5508 5511	5512 5521	5529 to 5531	5545 to 5553	5555 to 5557
5559 5563	5585 to 5588	5594 5595	5602 5603	5610 to 5621
5634 5653	5654	5656 to 5661	5663 to 5670	5673 5675
5677 5679	5680 5685	5686	5688 to 5698	5709 to 5713
5718 to 5722	5724 5729	5730 5734	5735	5737 to 5762
5764 to 5770	5782 to 5784	5789 to 5797	5807 5811	5815 to 5820
5825 to 5828	5830 5831	5834 to 5837	5843 5844	5851 to 5853
5860	5862 to 5864	5867 to 5869	5879 to 5880	5903 5906
5911 to 5922	5944 to 5949	5953 to 5955	5959	5968 to 5970
5972	5978 to 5981	5987 5989	5991 5993	5994
5997 to 5999	6011 to 6022	6032 to 6034	6037 to 6039	6041 to 6050
6052 to 6058	6067 6068	6070 to 6073	6078 to 6085	6099 to 6101
6105 to 6107	6113 to 6115	6124 to 6127	6130 to 6149	6192 to 6211
6216 to 6241	6244 6245	6249	6254 to 6261	6265 6280
6284 6286	6291 to 6295	6298 to 6301	6316 6317	6331 6332
6333 to 6356	6387 6389	6390 6392	6398 6400	6406 to 6409
6411 to 6415	6418 6419	6428 to 6433	6445 to 6447	6483 to 6492
6507 to 6509	6511 6512	6524 to 6528	6533 to 6541	6554 to 6610
6612 to 6617	6629	6632 to 6634	6664 6667	6668 6671
6672	6679 to 6687	6690 to 6698	6700	6704 to 6712
6718	6720 to 6722	6730	6787 to 6789	6798
6812 to 6819	6822 to 6829	6832 to 6848	6863 to 6869	6879 to 6888
6897 to 6900	6904 6906	6909 6911	6912	6915 to 6930

£100 Bonds

13051	13056 to 13070	13076 13077	13100	13108 to 13110
13118 to 13120	13124 to 13137	13188 to 13190	13194 to 13233	13236 to 13247
13251	13255 to 13257	13262 to 13288	13291 13292	13310 to 13317
13326 13330	13335 to 13339	13344 to 13373	13389 to 13391	13393 to 13413
13452 13453	13486 to 13517	13527	13531 to 13535	13537 to 13541
13543 to 13549	13556 to 13569	13586 to 13584	13588	13589 to 13615
13617 to 13625	13627 to 13633	13661 to 13684	13700 to 13707	13710 to 13719
13722 to 13727	13729 13730	13750 to 13763	13756 to 13804	13909 to 13917
13951	13957 to 13974	13978 to 14134	14145 to 14154	14160 to 14166
14171 to 14179	14188 14189	14191 to 14226	14251 to 14258	14268 to 14271
14333 to 14335	14536 to 14616	14661 to 14729	14776	14778 to 14789
14795 14798	14800 to 14802	14805 to 14807	14812	14816 to 14818
14821 to 14826	14831 to 14835	14838 to 14872	14881 to 14889	14894 to 14896
14898 to 14942	14980 to 14988	14992 to 15006	15010 to 15013	15028
15029 to 15031	15037 to 15039	15043 to 15053	15057 to 15101	15127 to 15144
15155 to 15184	15201 15202	15205 to 15208	15219 to 15242	15244 to 15248
15251 to 15257	15260 to 15291	15295 to 15302	15305 to 15312	15321 to 15405
15421 to 15430	15439 15440	15443 to 15445	15448 to 15453	15455 to 15491
15493 to 15497	15500 to 15504	15506 to 15531		

On 1st March, 1979 there will become due and payable upon each Bond drawn for redemption, the principal amount thereof, together with accrued interest to said date at the office of:—

S. G. WARBURG & CO. LTD.,
30, Gresham Street, London, EC2P 2EB.,

or with one of the other paying agents named on the Bonds.

Interest will cease to accrue on the Bonds called for redemption on and after 1st March, 1979 and Bonds so presented for payment must have attached all coupons maturing after that date.

£1,180,000 nominal amount of Bonds will remain outstanding after 1st March, 1979.

The following Bonds previously drawn for redemption have not yet been presented for payment:—

1st March, 1973

£100 Bond Nos:

11133 to 11137 11860 to 11863

1st March, 1974

£500 Bond Nos:

4197 4198

1st March, 1976

£500 Bond Nos:

3832 3834 to 3837

£100 Bond Nos:

21345 21362 21772 21773

1st March, 1977

£500 Bond Nos:

271 to 274 309 to 312 373 374 600 9801

£100 Bond Nos:

12960 12985 to 12993 28904 26905 28941 28942 26955 26956 27087 27167

1st March, 1978

£500 Bond Nos:

1180 1285 1918 to 1920 1923 1927

£100 Bond Nos:

22258 22267	22352 to 22371	22624 22626	22647 22652	22663 22732
23033 to 23035	23053 23054	23081	23063 to 23065	23083 23088
23091 23092	23276 23337	23338 23428	23439 23440	23463 23464
23547 to 23549	23736 23740	23741 23763	23766	

30, Gresham Street, London, EC2P 2EB. 31st January, 1979

CASSA PER IL MEZZOGIORNO

6% Guaranteed Bonds 1985

S. G. WARBURG & CO. LTD., announce that the redemption instalment of U.S.$1,200,000 due 1st March, 1979 has been met by purchases in the market to the nominal value of U.S.$247,000 and by a drawing of Bonds to the nominal value of U.S.$953,000.

The distinctive numbers of the Bonds, drawn in the presence of a Notary Public, are as follows:—

11600 11601	11508 to 11546	11555 to 11562	11576 to 11579	11583 to 11592
11603 to 11606	11614	11639 to 11647	11651 to 11664	11676 to 11680
11744 to 11760	11779 to 11795	11820 to 11824	11830 to 11832	11836 to 11844
11857 to 11859	11863 to 11882	11888 to 11893	11968	11983 to 11989
11999 12000	12006 to 12010	12021 to 12031	12033 12034	12038 to 12040
12072 to 12078	12092 to 12131	12152 to 12170	12231 to 12250	12384 to 12414
12440 to 12510	12518 to 12522	12574 to 12600	12614 to 12624	12626 to 12631
12650 to 12656	12662 to 12664	12668 to 12674	12680 to 12704	12711 to 12713
12736 to 12790	12807 to 12817	12821 12822	12825 to 12838	12842 to 12844
13021 to 13069	13071 to 13079	13081 to 13087	13096 to 13100	13121 to 13127
13146 to 13150	13155 to 13170	13201 to 13210	13461 to 13485	13497 13498
13502 13503	13511 to 13530	13558 to 13566	13569 to 13571	13579 to 13587
13598 to 13605	13610 to 13641	13646 to 13680	13686 to 13690	13696 to 13710
13751 to 13765	13767 to 13770	13806 to 13810	13824 to 13828	13841 to 13899

On 1st March, 1979 there will become due and payable upon each Bond drawn for redemption, the principal amount thereof together with accrued interest to said date at the office of:—

S. G. WARBURG & CO. LTD.,
30, Gresham Street, London, EC2P 2EB.,

or one of the other paying agents named on the Bonds.

Interest will cease to accrue on the Bonds called for redemption on and after 1st March, 1979 and Bonds so presented for payment must have attached all coupons maturing after that date.

U.S.$7,100,000 nominal amount will remain outstanding after 1st March, 1979.

The Bond No. 8541, drawn for redemption 1st March, 1977 has not yet been presented for payment.

30, Gresham Street, London, EC2P 2EB. 31st January, 1979

New EEC pressure on Japan to cut trade imbalance

BY CHARLES C. HANSON IN TOKYO

THE HEAD of the European Community's delegation in Japan, Mr. Leslie Fielding, estimated yesterday that the EEC trade deficit with Japan in 1978 grew by 20 per cent over the previous year.

In his first public speech since arriving in Tokyo, given before the European Chamber of Commerce, he said it was not yet evident that a "major and lasting turnaround" in Japan's trade imbalance with the EEC had been achieved.

Mr. Fielding's speech indicated that the EEC in forthcoming high-level talks with Japanese officials, will again press Japan to increase its imports of European goods. The tone, however, was somewhat more evenhanded than the strong criticism of Japan for running a large surplus during periods of strained relations in 1977 and 1978.

Mr. Fielding, who took up the Tokyo post late last year, emphasised that the background against which the talks will take place is still rather troubled.

There was what amounted almost to a "credibility gap" on trade matters between Japan and the EEC, and the Commission tended to be sceptical of Japanese assurances because of over-optimistic claims which were not achieved in the past, he said.

Mr. Fielding's estimate for the growth of the EEC deficit with Japan compares with Japanese statistics which put the increase at 11 per cent in dollar terms (actually down 14 per cent in yen terms). He put the EEC deficit with Japan at $6.2bn, against $5.2bn in 1977. The Japanese figures show a $5bn deficit for 1978 against $4.5bn in 1977, on a customs clearance basis.

He noted that the rate of increase in the deficit had slowed from previous years and said that the rise in the value of the yen and other measures by the Japanese Government may have started a process of change which will lead to a lessening of the Community's deficit in 1979.

Mr. Wilhelm Haferkamp, vice-president of the EEC Commission for external economic affairs, will arrive in Tokyo in three weeks accompanied by Sir Roy Denman of the Commission for political-level talks on trade, with Japanese officials. The talks will be continued this spring at the regular high-level consultations, with Sir Roy heading the EEC delegation.

Italians to use Soviet nuclear technology

By Rupert Cornwell in Rome

AGIP NUCLEARE, the atomic arm of the ENI State controlled energy group last night announced agreement for the use of Soviet technology for nuclear fuel processing between 1980 and 1983 in a contract worth about L10bn (£6m).

According to the deal between AGIP and Techsnabexport, the Soviet agency which handles nuclear processing exports, the Italian company will be able to convert uranium concentrate into uranium hexa fluoride. Quantities, however, were not specified.

The agreement is an extension of the long-term pact for the supply on Russian enrichment technology to Italy, and is likely to fit into the overall economic co-operation programme for the next decade which the two countries are now formalising.

AGIP Nucleare is the company which has been given overall responsibility for all phases on the nuclear fuel cycle under the substantial, but largely stalled, programme of nuclear power stations designed to reduce Italy's dependence on imported oil.

Russian shipping threat seen as ineffective

BY IAN HARGREAVES, SHIPPING CORRESPONDENT

RUSSIA'S counterattack against what it sees as discrimination against its merchant fleet by the Common Market countries and the U.S. was dismissed yesterday in European shipping circles.

The measures, announced through the Tass news agency, involve permission for the Soviet Ministry of Merchant Marine to "establish control" over Russian interests wishing to charter ships from the offending countries and for Ministerial powers to cancel commercial agreements between Soviet and foreign shipping enterprises.

The move is clearly designed as retaliation against the EEC, which last year agreed to monitor certain shipping routes as a first step towards curtailing the Soviet fleet's undercutting of rates, and against the U.S., whose 1978 Ocean Shipping Act has recently been used to ban certain Russian vessels from U.S. ports.

No official communication about the measures had been received in London yesterday and there was no official comment.

Shipowners and officials said, however, that the activation of the counter-measures would have a more serious effect on the Russian economy than on those countries against which they were aimed.

Soviet chartering of Western ships, which takes place on a considerable scale, is confined mainly to the letting through the international exchanges, of bulk carriers for the movement of grain.

Brokers feel that the Russians make extremely judicious use of these markets to supplement their own fleet at the lowest possible cost and that to restrict the countries from which they are prepared to charter would simply cost them more money.

Fokker study for new aircraft

AMSTERDAM — Fokker-VFW BV, the Dutch operating company of the Dutch/German VFW-Fokker Aerospace Group, says it will carry out a market research study in the next two months involving 20 world airlines to assess the market potential for its planned "Super F28" short- to medium-haul airliner.

Final definition of the programme and the decision whether to proceed with the Super F28, successor to Fokker's existing F-28-Fellowship, can be expected in the third quarter of 1979, it said in a statement.

The two-engined aircraft would be brought onto the market around 1985.

Reuter

Developing countries plan own multilateral trade negotiations

BY BRIJ KHINDARIA IN GENEVA

AS THE Tokyo Round of trade negotiations progress slowly, developing countries have already begun to look forward to separate multilateral trade negotiations of their own.

For developing nations, the Tokyo Round seems to be shaping up to a deal that falls well short of their earlier hopes, but there is growing determination that none of the gains should be squandered through lack of foresight and co-ordination among themselves.

Harassed by economic troubles the developed nations are driving hard bargains, even though some of them might have wanted to show greater flexibility and generosity when the Tokyo Round began five years ago.

Despite earlier optimism, the part of the Tokyo Round dealing with across-the-board tariff cuts is going through turbulent times, although the part dealing with removal of non-tariff barriers to trade seems to have progressed better than expected.

But to several developing country diplomats the writing on the wall seems clear. The new General Agreement on Tariffs will once again favour a faster growth of trade among developed countries than between developing and developed nations.

The solution they offer is a much stronger push for co-operation among developing nations themselves, and particularly among the worst off and the slightly better-off. The slightly better-off developing nations may not be able to offer high technology or cash aid to their poorest colleagues, but they can offer more, fairer, and constantly growing trade opportunities.

Just as the U.S. and the Common Market seem to be obsessed with their own problems, ignoring the needs of others, the developing nations may be getting bogged down in north-south manoeuvring without thinking closely enough about putting their own house in order.

A common argument offered to explain the frustration of developing nations in relations with the developed world is that they bargain from a position of weakness. As a result they are constantly seeking more than they are able to offer.

More orderly and rational trading among developing nations themselves would greatly increase the bargaining power of the group as a whole, while at the same time building links of economic inter-dependence similar to those that have brought prosperity to the developed countries as a group. This is the reasoning behind arguments for a multilateral trade negotiations among developing nations after the Tokyo round.

$92m loan for Pakistan

BY IQBAL MIRZA IN KARACHI

SAUDI ARABIA has agreed to provide a $92m (£46m) loan to Pakistan. The amount will be provided by the Saudi Fund for Development for setting up the Pipri thermal power project near Karachi.

This is the largest single loan ever provided by Saudi Arabia to any country, officials here said. It is also the single largest multilateral loan ever received by Pakistan for a project.

Official sources said that Sheikh Zaid Bin Sultan al Nahyan, president of the United Arab Emirates and Ruler of Abu Dhabi, has also made a grant of $20m for social welfare and economic development programme in Pakistan. The U.S. has also signed a loan agreement for $40m to help Pakistan finance the importation of wheat and vegetable oil, according to an official announcement.

Sharp rise in inspection work by Crown Agents

BY LORNE BARLING

THE CROWN AGENTS, who recently stepped up their efforts to secure inspection work on exports world wide, carried out 26 per cent more engineering inspection during last year than in 1977.

Supplies to the value of £184m were inspected by the Crown Agents at home and abroad during last year, with more than 50 per cent of that taking place in the U.K.

In line with increased activity abroad, there was a large increase in the amount of inspection work carried out in India, which accounted for 22 per cent of all inspection work at a value of £40m compared with £4.4m in 1977.

Substantial work was carried out in the Far East and South-East Asia (19 per cent), while Europe and elsewhere accounted for the remainder.

The value of orders placed, £216.7m, was an increase of 11 per cent over 1977 (£195.4m). Transportation equipment again led the way, followed by telecommunications with £25.1m, and electrical power equipment at £20.5m.

The balance was made up of a wide range of general items including medical supplies, engineering plant, waterway equipment and structures, security printing, and uniforms and equipment for security forces.

More than 84 per cent of the orders were placed in the UK (an increase of 6 per cent), 28 per cent of which arose from tied British loans. Seven per cent went to EEC countries, and the remainder was shared among S.E. Asia, Japan and North America.

Rolls-Royce in Brazil venture

ROLLS-ROYCE and the French company Turbomeca have signed an agreement setting up a joint company in Brazil, called Rolls-Royce/Turbomeca do Brasil, to maintain and overhaul aero-engines from both companies in Brazil, Michael Donne writes.

One of the first engines to be involved in the new venture will be Turbomeca's Arriel, which powers the French Ecureil and Dauphin Type 365 helicopters. It will be assembled, tested and overhauled in Brazil.

It is also intended to invite Brazilian engine component manufacturers to share with Rolls-Royce and Turbomeca in developing Brazilian aviation and industrial gas-turbine engine markets.

Turkey acts to save foreign cash reserves

By Metin Munir in Ankara

IN A desperate effort to economise on use of its limited foreign currency reserves, Turkey's Ministry of Trade has banned the importation of certain "luxury" items including instant coffee and classical music records.

Other items, banned on grounds that they can be considered luxury owing to the present economic crisis, are gold pen nibs, window panes, drawing paper, posters, pianos, guitars and speedboat engines.

But it is likely that the savings made from banning these items will not amount to more than a few million dollars since few of them are imported.

1,000th DC-9 to KLM

Royal Dutch Airlines (KLM) has ordered two McDonnell Douglas DC-9 Series 30 Twin-jets for delivery in 1980 with options for two more. The order is subject to approval by the Dutch Government. McDonnell Douglas say the two aircraft are the 999th and 1,000 DC-9s ordered since the beginning of the Twin-jet programme.

Dutch suspend Iran cover

By Charles Batchelor in Amsterdam

THE NETHERLANDS Credit Insurance Company (NCM) has suspended the granting of credit cover on trade with Iran. The NCM, a privately owned company which works closely with the Ministry of Finance, has informed its clients that Iran had begun to default on payments due to Dutch companies and it was suspending cover, a spokesman said.

N. Zealand enters Pacific air fares price battle

BY DAI HAYWARD IN WELLINGTON

THE INTERNATIONAL airline battle for a bigger share of the lucrative Pacific passenger market continues to occupy airlines operating on the route, and New Zealand has now joined in.

Earlier in January Qantas created a furore by slashing air fares between Australia and the U.S. The new low fares were exclusive to Qantas and Pan America airlines. Air New Zealand was shut out—a decision which will cost it several million dollars in lost passenger business from Sydney to Los Angeles.

The Australian Minister of Aviation, Mr. Nixon, received heavy criticism both from inside and outside Australia for the decision to make the new low price fares exclusive to Qantas and Pan America. Five other Asian countries affected threaten retaliatory action against Qantas.

However, despite suggestions Qantas might be denied landing rights, no retaliatory action was taken until this week. Air New Zealand has now introduced its own cut-price air fares across the Pacific from Auckland to Honolulu and Los Angeles. With a NZ$458 return fare it has slashed NZ$188 from the current budget fare. Air NZ has also encouraged greater travel to and from the South Island by making additional cuts in the Christchurch-Los Angeles fares which come down by NZ$252.

This is intended to step up American tourist traffic to the South Island which often misses out on international package tours. The new low fares which are subject to approval by the NZ and U.S. Governments are due to come into effect on February 15. It is unlikely that either Government will object to the new fares.

The American Continental Airlines, which is due to start a new Pacific service to New Zealand later this year, also wants to introduce special low-price fares. So far it is still talking to New Zealand Government and Air New Zealand officials but it seems likely that Continental will be allowed some reductions.

Tariffs for power may rise about 9%

BY JOHN LLOYD

FIRST INDICATIONS of proposed rises in electricity tariffs in the coming year point to increases of around 9 per cent.

Two area electricity boards—the North-eastern and the South-eastern—have had rises of 9.5 per cent and 6.2 per cent respectively approved by their consultative councils.

The proposals will now go to the Electricity Council, which will pass them on to the Price Commission for approval.

A third area—the South-Western—is in the final stages of talks with its consultative council, and is thought to be proposing a rise of about 7-8 per cent.

All three areas are basing their tariff rises on an estimated 9 per cent rise in primary fuel costs for the coming year.

The 9 per cent rise will bring fossil fuel costs—coal and oil—up to an average of £28.30p per tonne of coal equivalent. This expectation on the part of the Central Electricity Generating Board is an indication of the price parameters within which the National Coal Board will have to work in the year ahead.

A general tariff increase will take effect from April 1 this year, and will last until April 1, 1980. There are 12 area boards in England and Wales, two in Scotland and one in Northern Ireland, all of which will individually notify the Price Commission of their proposed price increases in the next few weeks.

At the end of last year, the Energy Secretary instructed the electricity supply industry to show a 10 per cent return on net assets in the coming financial year.

Public debt forecast 'too low'

By Peter Riddell, Economics Correspondent

A WARNING that the Treasury has substantally underestimated the possible level of public sector borrowing in the financial year starting in April has come from Mr. Walter Eltis, an Oxford University economist.

Writing in his quarterly review for City stockbrokers Rowe and Pitman, Hurst-Brown, Mr. Eltis estimates that public sector borrowing in 1979-80 could be £10.25bn—which he describes as "a really frightening prospect." This compares with the Treasury's estimate of £8.5bn for the period.

Mr. Eltis suggests that debt interest may be higher than the Treasury assumes while more rapid inflation will boost borrowing by cutting real revenues. These two factors could add £900m.

A possible source of confusion is that Mr. Eltis recalculates the Treasury's projection of £8.5bn at 1979 prices, say 11 per cent higher, pushing the total to £9.35bn before adding on the £900m — but the Treasury's estimate of £8.5bn is already at 1979-80 prices, so that it does not have to be recalculated.

Mr. Eltis warns, however, that the outcome could be worse than £10.25bn, especially if there are difficulties with debt interest and the control of costs and prices in the nationalised industries.

He says that "all this underlines that it is imperative that this Government or its successor takes early steps to reduce the borrowing requirement substantially."

"Unless this is done, London interest rates may have to rise a little (the present level already discounts substantial financial mismanagement) even though U.S. rates are likely to fall.

"That will make it still more difficult for industrial and commercial companies to maintain the momentum of expansion."

Miller given full blame in Peachey report

BY JOHN BRENNAN, PROPERTY CORRESPONDENT

SIR ERIC MILLER is singled out to bear the full weight of blame for the "Peachey Affair" in the report of the Department of Trade's investigation into Peachey Property Corporation.

Sir Eric committed suicide in September 1977.

In the report, prepared by Mr. Raymond Kidwell QC and the accountant Mr. Stanley Samwell, and published yesterday, Sir Eric is accused of misusing company money; personal extravagance; only loosely disguised bribery; fabrication of documents; misleading the company's auditors, and recklessly ruling Peachey, a £51m public company, as a personal business.

But the frustrated Department's inspectors, who never had the opportunity of interviewing Sir Eric, also present a picture of a self-made property tycoon, generous to a fault, fascinated by a circle of political "friends" on which he lavished hospitality and gifts.

Knighted in Sir Harold Wilson's resignation Honours List, he was "frustrated" by the property crash of 1973, and towards the end of his life suffering from physical and mental ill-health.

Sir Eric emerges as a man bewildered when under attack for misuse of Peachey funds, and possibly living in a fantasy world, unable to distinguish between personal and corporate actions.

As the inspectors say: "Every one is agreed that, for good or ill, the man was Peachey and Peachey was the man, and so he regarded himself."

The inspectors consider, and dismiss, most criticism of Sir Eric's fellow-directors; Peachey auditors; and recipients of gifts from Sir Eric.

Commenting at one point on fraudulent documents innocently prepared at Sir Eric's request by a number of firms and individuals, they say: "We find it scarcely credible that so many people from widely different business environments are prepared to act in this way, without apparent reason.

"But then we never met Sir Eric Miller and never encountered his undoubted mesmeric qualities."

Aware that the concentration of criticism on Sir Eric alone might appear unduly convenient particularly as "commentators have made no secret of their suspicions that the result of the inquiry may have political repercussions," the inspectors are sensitive to the charge of "whitewashing" the affair.

In their preamble to the report the inspectors write: "We also anticipated that some disappointed commentators might describe the report as a 'white-wash,' and we resolved to live with that too.

"The sense of public outrage that such events as we describe could ever occur would doubtless be assuaged by a scathing all-embracing indictment, but that would not give a complete or fair picture."

They say further: "We have had frequent occasion to remind ourselves of our terms of reference, and in particular direct ourselves that we were to investigate the affairs of the company, not the affairs of the nation."

This inquiry into Peachey's affairs primarily covered the period from February 1967 and March 1977, when Sir Eric was chairman and chief executive of the company.

The report shows that in those year Sir Eric repaid £388,175 of personal expenses to Peachey; sanctioned a further £189,500 of Peachey loans to Fulham Football Club, arm's-length payments for his daughter's flat and football club entertainment; and personally arranged £188,700 of "introductory commissions," payments which, the inspectors say, "he made reasonably clear . . . that the description covered bribes."

As the inspectors state, "Sir Eric Miller was guilty of numerous misappropriations of company funds. To cover his misdeeds he told lies freely, fabricated false documents and caused others to utter false documents."

The extent of Sir Eric's extravagant behaviour with Peachey funds began to come to light early in 1977 when his fellow-directors and Price Waterhouse, Peachey's auditors, "became increasingly concerned about certain transactions of Sir Eric Miller in connection with the company."

Four particular transactions sparked this concern.

The first was purchase with Peachey funds of an emerald and diamond necklace from Asprey, the jewellers, and its resale, for £55,000, on behalf of Sir Eric personally.

Sir Eric bought it for £42,000, charging the cost to the account of a Peachey subsidiary. The necklace was held by Aspreys until June 1974, when Sir Eric resold it, and directed the £55,000 sales proceeds into his personal account at the Keyser Ullmann bank.

Sir Eric covered this sale to Peachey's auditors. The report finds that "he told a series of lies and engineered the preparation and dispatch of a deliberately misleading letter to conceal his wrongdoing."

The second deal questioned by the auditors involved a £70,000 cheque drawn on a Peachey subsidiary payable to stockbrokers Lewis Altman and Co.

This money was included as a debt owing to Peachey in its 1973 accounts.

In fact the money merely passed through Lewis Altman to Libra Nominees, an Isle of Man registered company and registered as a credit with the Gibraltar-based Bank of Commerce, half owned by Mr. Judah Binstock.

Mr. Binstock lives abroad since, as the report notes "there is a warrant out for his arrest in England in connection with certain alleged currency irregularities."

Sir Eric at first explained that the £70,000 would be used to buy "a parcel of 50,000 Peachey shares on the market which was worrying him and which he wanted to see placed."

Sir Eric later said that company money had not been used directly to buy company shares, but had been lent to Mr. Binstock to buy the shares. And the inspectors say that "we have no doubt that the money did go to Mr. Binstock or one of his companies, in view of our investigations."

Why it went there remains unclear. Sir Eric in various other explanations of the links between Mr. Binstock and Peachey said that he had paid £130,000 from his own pocket to Mr. Binstock (the report explains "payments which Mr. Binstock is supposed to have said were 'for the boys'") and which he later reimbursed himself from Peachey funds.

This story the inspectors are "satisfied . . . is untrue."

The inspectors conclude that "in so far as Mr. Binstock has been accused of bad faith by Sir Eric, we consider such a charge wholly unproven."

The third key auditors' question concerned a £40,000 loan to Fulham Football Club passed through Peachey's books as "an option on a development project."

The inspectors say the project "was imaginative, but largely imaginary." Sir Eric, a director of the club but an Arsenal supporter, arranged the interest-free loan in 1973.

He later argued that the money and a further £50,000, was payment from Peachey to Sir Robert McAlpine and Sons, contractors owed £380,000 by Fulham for work on their new stands.

He at first said that McAlpine had mixed up the receipt, taking it as a reduction of the Fulham debt, not as a reduction of Peachey's accounts with them.

The inspectors conclude "whether he was doing good by stealth, and intended to blush later by reclaiming the money from the club if their finances should improve, this being able to reimburse Peachey, or whether he intended outright payment, we cannot judge . . . the payments remain, on any basis, wholly improper."

The last of the auditor's four points concerned a £130,000 deposit with Keyser Ullmann drawn from a Peachey subsidiary's account at Barclay's Bank on Sir Eric's oral instruction in January 1974.

This transfer, used to reduce Sir Eric's personal overdraft at Keyser Ullmann, was, say the inspectors, covered up by Sir Eric, who "told a series of lies and committed forgery in order to cover up his wrongdoing."

As with the Asprey necklace the report concludes that the transfer was "deliberately concealed misappropriations of company funds."

Apart from these clear breaches of company law, the inspectors review the management and internal accounting system at Peachey, under Sir Eric's management that allowed money to "go astray."

The inspectors say that "this inquiry has convinced us that a powerful chairman and managing director, with a board of directors which is not able or willing to play an inquisitorial role in his transactions and expenditure, has immense scope for diverting company money to his own use over a long period of time. . . ."

Sir Eric's expenses were paid by the company throughout the year, and at the end a "sketchy and uncertain" allocation system divided personal from corporate charges.

As the report says, "the system lent itself to Sir Eric Miller pursuing his world wide private interests at the expense of the company."

Sir Eric is shown to have sanctioned a wide range of "professional fees," £25,000 of which were in one case used to repay personal loans to Sir Eric from the architectural firm of Stone Toms and Partners.

Sir Eric agreed to sanction fees of £5,000 a year between 1968 and 1970 and of £7,000 a year from 1972 to Mr. Reginald Maudling to act as a Peachey consultant.

But here the inspectors conclude that "we cannot criticise the company for paying the fees and we certainly cannot criticise Mr. Maudling for accepting them." Fees and expenses totalling £39,000 paid to Mr. Bobby Moore, the footballer as a "public relations and sales officer" for Peachey are also revealed by the report.

The inspectors question the value of Mr. Moore's commercial advice but say "it was not for him to query if Peachey wished to *spend* money in that way."

Details of Sir Eric's extravagant gifts to friends and to business and political contacts appear throughout the report. In his 10 years as chief executive Sir Eric expended no less than £310,975 of "gifts and gratuities."

The inspectors note that "practically all the major items were initiated by Sir Eric, and little or nothing is known of the recipients."

No final total for Sir Eric's entertainment bills are attempted in the report, although entertainment sanctioned directly by Sir Eric in 1974-75 alone amounted to £262,572.

The report notes Sir Eric's payment, from company funds, of a £3,304 supply of champagne for a surprise party at 10 Downing Street after Sir Harold Wilson's resignation in March, 1976.

Similar parties, trips, entertainments and gifts appear throughout the 165-page report, which concludes that Sir Eric "used company money as if it were his own, and persisted in doing so, recklessly, until he left the company."

The inspectors are at pains to point out that "the company has been completely reconstituted," and though Peachey claims against Sir Eric's estate total almost £750,000, all possible losses have now been written off.

"We conclude," say the inspectors, "that Peachey Property Corporation may now fairly and safely be judged on the merits of its performance and its present Board, without recourse to the past."

Department of Trade Report. Peachey Property Corporation, Her Majesty's Stationery Office. Price £4.

The principal figures and the conclusions

SIR HAROLD WILSON

MR. MAUDLING

SIR ERIC MILLER

BOBBY MOORE

The conclusions:

The Board: Sir Eric Miller —"Used company money as if it were his own . . . guilty of numerous misappropriations of company funds."

Lord Mais, chairman — ". . . We have found no occasion to criticise."

Mr. S. B. Thompson, director—"He was out of his depth with (Sir Eric) and wholly failed to see through him."

The late Mr. J. C. Jordan, director until 1973—"We see no occasion to criticise Mr. Jordan."

Mr. M. F. Keneu, director—"To require him to suspect, in the first few months (of his directorship) that his chairman and chief executive was persistently misappropriating the funds of the company would have been to ask a lot of him."

Mr. C. H. Sporborg, director, resigned 1974: ". . . as a young non-executive director, did the best job possible in extremely difficult circumstances."

The late Mr. D. C. Collenette, director until 1976: "we see no reason to criticise him."

The late Mr. F. J. Howe, director until 1976: ". . . not individually to be criticised."

The "Entourage." Mr. Tommy Trinder, comedian, former chairman Fulham Football Club. "Innocent beneficiary of a 'loan' from Sir Eric Miller of £10,000."

Mr. Judah Binstock, *financier*: "We have not been able to discover a shred of evidence in support of Sir Eric's allegations involving Mr. Binstock."

Sir Harold Wilson, MP—A £3,304 champagne resignation party at 10, Downing Street, paid for by Sir Eric, but "Sir Harold had no idea that the party was to be held, and he assumed that the hospitality provided had been at the expense of those organising the party, of whom (Sir Eric) was one." . . . "No truth" in suggestions that Sir Harold lived in, or purchased and sold "on favourable terms," properties provided by Peachey.

Mr. Reginald Maudling, MP Peachey adviser from 1966 until 1970 at £5,000 a year, but Mr. Maudling arranged a tax-efficient house-purchase scheme in lieu of fees.

In 1970 received a £2,750 Christmas present from Sir Eric, and there was "no reason for Mr. Maudling to suspect for a moment that the company was being involved or that he was being importuned as a Minister to favour Peachey."

Adviser to Peachey from 1972 at £7,000 a year. . . . "We cannot criticise the company for paying the fees and we certainly cannot criticise Mr. Maudling for accepting them."

Mr. Maurice Orbach, MP—"There can be no suggestion that Mr. Orbach, in his role as a Member of Parliament, was in any way influenced by . . ." (various personal gifts, consultancy fees, and entertainment).

Mr. Bobby Moore, footballer—Received £14,000 consultancy fees and £25,000 "personal monies" as "public relations and sales officer for the company. He received money under a lucrative contract, and it was not for him to query if Peachey wished to spend their money in that way."

The Auditors, Price Waterhouse—"Thought (Peachey accounts) qualification was serious, and were completely surprised at the lack of reaction from the City. We do not criticise them concerning the course which they adopted in the circumstances which then existed."

Home builders doubt ministry optimism

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

PRIVATE HOUSE builders expect 1979 to be the best year for housing starts since 1973, according to a survey carried out by the Department of the Environment.

But soon after it was published the industry cast doubt on the accuracy of the Department's findings and repeated forecasts that 1979 will show a deterioration in an already disappointing prospect.

The Department says its inquiry in November found that private builders expected to begin work on 160,000 houses and flats this year. The figure compared with a forecast of 135,000 in a similar survey last July and of 140,000 contained in the latest projections by the Building and Civil Engineering Economic Development Committees. In 1978 a start was believed to have been made on just over 150,000 new private-sector homes.

Representatives of the house building sector said yesterday that they could not explain the Department's findings and maintained that they did not reflect contractors' feelings.

House builders generally remain fairly gloomy about prospects for sales and output over the coming year. They emphasise that a shortage of mortgages may seriously limit output. Some believe that the building societies this year will be lending up to £1bn less than the £8.7bn record achieved in 1978 and that the reduction, combined with potentially significant increases in house prices, will greatly affect the prospect for sales.

Bankruptcy court discharges former property dealer

FORMER property dealer Ramon Greene, whose substantial personal fortune dissolved into bankruptcy debts estimated at £17m, is preparing to start again—at the bottom of the ladder.

At London Bankruptcy Court yesterday he was granted discharge from a 1977 receiving order. It will become effective in three months' time.

No creditors opposed his discharge application and Mr. Registrar Hunt said he did not see any useful purpose in keeping Mr. Greene bankrupt.

Mr. Greene, 47, of Clargea Street, Mayfair, told the court he wanted to return to business as quickly as possible. At the moment he was unemployed and supported by his wife.

He said that since the bankruptcy his negotiations with many of the main creditors had resulted in claims for £13.7m either discharged or waived.

Slater Walker Securities had waived a claim for £11.5m. He had pointed out to Slater Walker directors that they would get nothing out of the bankruptcy, but if they waived their claim they could take advantage of tax losses worth about £1m.

The Registrar said that, although debts originally totalled £17m, it appeared that claims from creditors amounted to about £14m. He saw no reason to disbelieve Mr. Green's statement that he had succeeded in reducing the claims.

The Registrar said the size of indebtedness in a bankruptcy was not, in his view, of crucial importance.

"Obviously, the larger the amount of the indebtedness and the deficiency, the more carefully one has to see why it arose and in what way it arose and who is going to suffer. But the mere size of the deficiency does not in my judgment mean that one has to refuse a discharge that one would otherwise be entitled to grant."

He said Mr. Greene once had interests in a group with assets of about £180m. His own fortune was substantial. Disaster overtook him in 1974 as a result of the oil crisis, the slump in the property market and the general financial situation in Britain.

Approval 'soon' for £10m microprocessor talks plan

BY JOHN LLOYD

THE GOVERNMENT is expected soon to approve a £10m programme to make the country's "decision makers" aware of the uses and potentialities of microprocessor technology.

The programme, prepared over the past two months by PA Consultants, recommends a two-year series of seminars, beginning in April and reaching 50,000 business executives and trade union officials.

The programme, if approved, will be one of the most wide-ranging undertaken by a European government and is aimed particularly at engineering, where foreign competition in export and domestic markets is keenest.

The most important target audience is felt to be 14,000 "decision makers" in management and trades unions in mechanical, electrical and instrument engineering, vehicle manufacture, shipbuilding and publishing.

The seminars will seek to encourage introduction of microprocessor-based technology into the production and control processes of leading British companies, and to overcome the widespread ignorance and distrust of new techniques that is believed to exist in British industry.

The report is thought to show that awareness of those techniques is 'low and often shallow' in most companies.

Sampler fetches £3,200 record at Christie's

SALEROOM

BY ANTONY THORNCROFT

THERE WAS a very good sale of costumes and textiles at Christie's, South Kensington, yesterday, which totalled £47,790 and produced an auction record price for a sampler of £3,200, more than twice the previous best. The sampler, which is over 40 inches long, is dated 1659. Another 17th century sampler, by Katherine Carter, made £1,000.

A surprising price was the £2,600 paid by Majorca, the London dealers, for an embroidered smock of the early 17th century, while a silkwork half-length portrait of Mary Stuart, Princess of Orange, sold for £3,000. Hats fetched good prices, a lady's flat hat of about 1775 making £340, while the Castle Howard Museum paid £500 for an early 18th century gentleman's night cap. A pair of girl's shoes from the mid-18th century was bought for £300 and a needlework panel of the King and Queen embroidered in about 1660, went for £1,300.

A 19th-century Russian calendar icon sold for £3,400 at Christie's yesterday in an icon sale which totalled £107,630. Kandri of Munich paid £2,400 for a 19th-century icon of St. Nicholas. Another Russian calendar icon of the same period realised £2,200.

In a sale of furniture at Phillips, a George III oval Pembroke table with the original matching tea tray, made £4,500 in an auction which totalled £92,950. An early Louis XV kingwood ormolu mounted commode, stamped Fleury, also fetched £4,500. In the clock sale, a 17th-century veneered walnut and marquetry longcase clock by Joseph Foster fetched £4,800.

Sotheby's disposed of European ceramics for £49,470 with J. Horne paying £2,100 for a Delft pill slab of about 1700. The second day of the book sale produced £38,365

Esso chief warns on future oil need

BY KEVIN DONE AND DAVID FISHLOCK

A SUBSTANTIAL increase in world coal trade and the discovery of a new North Sea oil province every other year will be necessary to meet increasing world energy demand up to 1990, according to Dr. Austin Pearce, chairman of Esso Petroleum.

If the world economy grew at about 4 per cent a year, demand for oil in the non-Communist world could increase by 1.1bn tons a year by 1990, Dr. Pearce said yesterday.

He told a *conference in London on Future Energy Concepts*, organised by the Institution of Electrical Engineers, that the non-Communist world's demand for oil by 1990 could have risen to 3.6bn tons a year compared with 2.5bn tons in 1976.

To hold increasing oil demand down to such a level over the next decade would need a "substantial resurgence in coal production and consumption." A large proportion of the extra coal production would come from the U.S., presently the world's largest oil consumer.

Nuclear energy could be meeting a growing part of world energy demand (500m tons of oil equivalent in 1990 compared with 100m tons in 1976). Because of the long lead times involved most of the power will be coming from plants already under construction or in the planning stage.

Oil would still be the major balancing source of energy in 1990 and as much as 46 per cent of the increased production needed to meet such high demand would have to come from the Middle East, mainly the Arabian peninsula.

Moreover, some 30 per cent of the oil supplied in 1990 would have to come from new discoveries.

World demand for oil was likely to meet the limit of available supplies between 1985 and 2000. "What many politicians fail to realise or do not want to realise, is the simple fact that any oil field takes eight years to develop, and so decisions made now will be the key factors for 1985 plus.

"The future of oil production is therefore highly dependent upon political decisions, and as most political decisions are short-term in nature, and the problem of oil is a long-term decision, one cannot be very optimistic that the right decisions will necessarily be made."

Face with three big uncertainties in the future of UK energy supplies, it was his job to see that it had as many options as possible, Sir Hermann Bondi, chief scientist at the Energy Department, said in his opening address. This was not a question of enthusiastically claiming that this or that option would answer all problems, but simply the need to know more about each technology, and its reliability, timescale and environmental impact.

One of his problems, said Sir Hermann, was that the public's understanding of statistics—and hence of the statistics of risk—was so poor. "How poor is shown by the fact that almost every newspaper finds it worth publishing an astrology column."

The first of Sir Hermann's three big uncertainties was the "very understandable" aim of the Third World to grow richer. "There is no doubt what they want. What we don't know is whether they will succeed." But if there was to be economic advance there would have to be a massive increase in energy usage—"of that I have no doubt."

The second uncertainty was over the world's physical resources, where the problems were not just a matter of quantity but were also technological and political. Iran's defection from the oil market had changed world oil supply in a fashion that could not have been foreseeable.

The third uncertainty was Britain's attitude to which kinds of energy resource were regarded as acceptable. This was not just a problem for nuclear energy, said Sir Hermann. The sinking of new coal mines in new areas "is a real problem." Overhead electricity transmission and coastal oil pollution were others "where I find public opinion and the future of the democratic decision-making process quite unforeseeable."

Full exploitation of nuclear fission and fusion could assure man's energy requirements for many aeons, if only he would allow it to do so, said Sir Francis Tombs, chairman of the Electricity Council. The alternative was to accept a much reduced energy consumption—"almost certainly involving a return to an agricultural form of society with a much-reduced world population."

Sir Francis said that at present coal supplied nearly 40 per cent of Britain's total fuel requirements, and over half of it was being burnt in power stations. The National Coal Board had proposed a £9bn investment programme to increase annual production from 120m tonnes to 170m tonnes by the end of the century "but this appears likely to do little more than maintain coal's present share of the energy market."

Dr. Joe Gibson, member for Science of the NCB, refuted suggestions that Britain had already mined its best coal. "Some of the best is still to come." The newer coals were in many ways better and easier to mine than the older ones.

The NCB had uncovered 2bn tonnes of new reserves of good-quality coal in the last four years, he said. He did not see the industry's current target of 170m tonnes a year by 2000 as an absolute target—"we have to be prepared for more—or less."

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Schools 'should test pupils on industry'

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

PRINCIPAL NATIONAL examinations should include questions to test youngsters' knowledge of the part played by industry in British life, a report published yesterday by the British Institute of Management in London says.

It proposes means of improving youngsters' appreciation of the importance of industry and urges companies to take the initiative by devoting money and capable managers to fostering links with schools, colleges, universities, polytechnics, and educational administrators.

Sir Donald Barron, chairman of Rowntree Mackintosh, who headed the 21-member working party that produced the document, said: "Our recommendations can all be acted upon and we believe they can be acted on fairly quickly."

The recommendations will be discussed at the institute's 80 branches throughout the country and between institute representatives and Sir James Hamilton, permanent secretary at the Department of Education and Science.

The report points out, however, that managers do not control all the factors that affect industrial performance. There is need, for example, for an adequate system of rewards to encourage executives to develop their skills, it says.

Civil servants are accused of overlooking adverse influences such as a disdainful attitude towards industry among the nation's policy-makers.

The political system's division on unrealistically black-or-white lines is blamed for fluctuating policies on employment and transport that occupy managers' time unproductively.

The institute's working party also challenges the assertion by civil servants in a discussion document on industry, education and management 18 months ago that companies would improve their management by adopting the Civil Service practice of recruiting future executives predominantly from the products of existing degree courses.

"Many of the problems in relation to engineering design, for example, arise from insufficient attention to marketing and

Sir Donald Barron: "Fairly quick action"

equally many excellent design solutions flow from appreciation of marketing factors," the working party declares.

"Similarly, many of the problems, challenges and opportunities of production management can only be understood and resolved if the part which social sciences, as well as engineering and technology can play, is fully appreciated.

"It would be wrong to imply that a larger number or higher quality of engineering, technology or science graduates would alone solve our problems."

The report urges companies to establish systems for recognising managerial talent among employees of all levels, regardless of previous success as students, and to adopt "a single promotion ladder within industry on which ability is the criterion for advancement."

Employers should also consider education as a process that might usefully continue throughout life, especially if courses pay greater attention to industrial questions.

Financial help from Government would be needed to promote such continuing education, the group says. State aid would be required for industry to expand sandwich courses or to offer widespread opportunities for youngsters to spend a year in industry before entering higher education.

As well as improving their image with educational institutions, employers should make better efforts to inform schools as to the kind of people they need, emphasising the career opportunities open to women.

At higher education level, the working party believes that there is need for a clearer distinction between the roles of universities and polytechnics.

Although Sir Donald Barron emphasised that both had important parts to play, he felt that universities should concentrate on the discovery and teaching of new knowledge, whereas polytechnics should be concerned mainly with converting new knowledge into information relevant to work.

Other proposals include the appointment by the Government of an educational inspector with specific responsibilities for industrial studies, and the sponsoring by the institute of a basic study text for teaching about the part played by industry in generating wealth and in the quality of life.

Industry, Education and Management (BIM; £1.50 to members, £3 to others).

Rebuff expected on Arab boycott

BY MAURICE SAMUELSON

CALLS FOR sweeping changes in the British attitude towards the Arab boycott are expected to be rebuffed by the Government tomorrow because of fears that they would hurt the UK's economic and political interests in the Middle East.

The proposals were made by a select committee last August as alternatives to legislation, which it regarded as potentially damaging to UK trade with the Arab world. The committee, headed by Lord Redcliffe-Maud, said the Government should take the initiative in Brussels in developing a common EEC stand over the secondary and tertiary effects of the boycott on companies wanting to trade with both Israel and the Arab world.

After talks between the Foreign Office and the Trade and Industry Departments, however, the Government apparently fears that such an initiative would be attacked in the Arab world and harm prospects for a Middle East settlement, which the Government sees as the overriding consideration of British policy.

Government thinking is less clear over the demand that the Foreign Office should cease to authenticate so-called negative certificates of origin, stating that goods do not originate in Israel. It is thought that the Government will offer to examine the matter further, since it recognises its symbolic importance.

Ironically, the only Arab state that still insists on negative certificates is Iraq, which is conducting its boycott of British companies for reasons unrelated to the Arab-Israel conflict. In the U.S., where negative certificates have been declared illegal, they have been replaced by positive certificates of origin, regarded as less discriminatory against Israel.

Political effect

The Government may give the committee greater satisfaction over the need to offer companies clearer guidance on the political context of the boycott. But there is no sign of it's dropping its public proviso that ultimately companies must decide whether it is in their interests to comply with boycott demands.

It would be surprising too, if the Government agreed to encourage companies to report boycott requests, as the committee urged; to deny public funds to boycott-related transactions; or to intervene diplomatically whenever companies find themselves blacklisted.

The only suggestion that may not be challenged is that the Race Relations Act should cover boycott cases involving anti-Jewish discrimination in the UK.

However, the Government fully accepts the committee's conclusion that it would be harmful to enact anti-boycott legislation, like that introduced in the U.S.

The committee was set up a year ago to consider the Foreign Boycotts Bill, tabled by Lord Byers, the Liberal peer.

Lord Byers will open today's debate. Lord Goronwy-Roberts, Foreign Office Minister of State, is expected to speak for the Government.

CBI INDUSTRIAL TRENDS SURVEY

Downturn in business confidence as hopes for recovery falter

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

A DOWNTURN in the business confidence of manufacturing industry during the past four months was reported yesterday by the Conferation of British Industry. The slow recovery in industrial activity which was evident towards the end of last year is not expected to continue and a growing number of price increases are forecast.

These are the main points of the confederation's quarterly industrial trends survey which was conducted during the period that industry was recovering from the oil tanker drivers' strike and being hit by the lorry drivers' stoppage.

The total of nearly 2,000 manufacturing companies responding to the survey were filling in their questionaires between January 1 and January 17, and the base period for many of their replies included last autumn's Ford Motor strike.

The confederation therefore stressed yesterday that "the results of this survey must be interpreted with particular caution," especially on some of the short-term forecasts.

Implications

Inspite of the generally gloomy results, the survey shows that investment intentions appear to remain quite strong. "But the effect of the current disputes on confidence and cash flow may lead to a downward revision" comments the confederation.

The survey also shows that smaller firms are generally continuing to file more optimistic returns than larger ones with more than 500 employees.

The implications for policy drawn by the confederation from the overall survey are: "In the present difficult and highly uncertain situation the priority remains to defeat inflation. This means preventing an escalation of pay settlements and restoring sanity to pay bargaining so that responsible and non-inflationary settlements can be reached without widespread industrial disruption."

On business confidence, the survey shows that the hesitancy of the past couple of years has turned into a decline of optimism which reverses the trends of the past two surveys.

Pessimism is more widespread among larger companies with more than 500 employees and among producers of intermediate goods and chemicals.

There was some improvement in the state of total order books. The confederation says, however, that the "overall position remains unsatisfactory."

Total order books are below normal for 30 per cent of companies in the survey compared with 35 per cent in last October, 42 per cent in July, 45 per cent in April, and 46 per cent 12 months ago.

The intake of new orders has quickened over the past four months, although this has not been sufficient to indicate any upsurge in demand. The best results are reported by companies in textiles, paper, printing and publishing, and parts of chemicals. Fears about the result of the present industrial disruption have led companies to provide bleaker forecasts for the future.

The impression given in the past quarterly survey that order-books in manufacturing industry might be beginning to lengthen is not confirmed in yesterday's report. Orders on hand account for less than four months' production for 69 per cent of the relevant participants compared with 67 per cent in the past survey and 70 per cent last summer.

The gradual recovery in capacity working has also been checked with 61 per cent of the companies reporting that they are working below capacity.

Output volume has risen for 26 per cent of the respondents to the survey and has fallen for 19 per cent. The balance of 7 per cent is a little stronger than in the second half of last year. But, says the confederation, this is "probably not consistent with much other than a modest rise in the index of manufacturing production."

Road haulage

The main constraint to output is shortage of orders and sales which is mentioned by nearly 1,500 companies in the survey. This is a high figure compared with past survey reports.

Lack of skilled labour, while still the second most widely reported constraint, is mentioned by only 20 per cent of the companies compared with 27 per cent in the last survey. This is a lower figure than the confederation would have expected, judging by past experience. However, some industries such as engineering, vehicles and textiles still say it is a widespread problem.

The road haulage strike also led to an increase in the number of companies quoting shortages of components and materials as important constraints.

Despite the problems and lack of confidence, the survey shows that investment intentions are again quite strong, especially in large companies and those producing consumer goods, and are moving more or less in line with previous cycles. The prospect, according to the confederation, is for a third year of increasing investment with the rise continuing into 1980.

On employment, there is little sign of companies taking on more workers. About 30 per cent of companies reported lower employment levels in the past four months against 18 per cent whose employment has risen. This is a better balance than a year ago but, says the confederation, is not indicative of a rise in employment. There is no sign of a change over the next four months.

This means that the confederation expects a small fall in the seasonally adjusted number of people employed in manufacturing industry between September last year and this April.

On prices the survey is interpreted as indicating that "the short period when the rate of cost increases was stabilising has ended."

A balance of 74 per cent of companies expect costs to rise over the coming four months which is the highest figure since July, 1977.

Confidence about export prospects over the coming 12 months, which has been showing some signs of recovery during the past year, has slipped back a little. This is despite greater optimism on the part of the largest companies.

The volume of export order books is below normal for 35 per cent of exporters and there has been little change in the volume of new export orders.

CBI Industrial Trends Survey, January, 1979. No. 71. Full Results. Annual subscription £60 (CBI members £30). 21, Tothill Street, London SW1.

Export Trade

Firms completing these questions have direct exports exceeding £10,000 per annum. Number of respondents 1403.

Are you more or less optimistic about your export prospects for the next 12 months than you were four months ago	More	Same	Less	N/A
	17	61	21	1
	(23)	(60)	(16)	(1)

Excluding seasonal variations, do you consider that in volume terms:

	Above normal	Normal	Below normal	N/A
(a) Your present export order book is	15	47	35	3
	(15)	(48)	(34)	(3)

Excluding seasonal variations, what has been the trend over the past four months, and what are the expected trends for the next four months, with regard to:

	Trend over past four mnobts				Expected trend over next four months			
	Up	Same	Down	N/A	Up	Down	Same	N/A
Volume of total new export orders	26	47	24	3	20	62	15	3
	(24)	(46)	(27)	(4)	(31)	(53)	(12)	(4)
Volume of export deliveries	24	50	24	2	25	58	16	2
	(23)	(54)	(21)	(2)	(33)	(51)	(13)	(2)
Average prices at which export orders are booked	42	49	7	2	55	39	4	2
	(34)	(58)	(7)	(1)	(45)	(47)	(6)	(1)

What factors are likely to limit yonr ability to obtain export orders over the next four months:

Prices (compared with overseas competitors)	Delivery dates	Credit or finance	Quota and import licence restrictions	Political or economic conditions abroad	Other
58	21	7	15	41	12
(65)	(20)	(7)	(17)	(38)	(13)

Details of Trends

TOTAL TRADE—1927 respondents. All figures are percentages on a weighted aample. Figures in parentheses show the response to the survey carried out last October.

	More	Same	Less
Are you more, or less, optimistic than you were four months ago about the general business situation in your industry	15	65	20
	(20)	(66)	(14)

Do you expect to authorise more or less capital expenditure in the next 12 months than you authorised in the past 12 months on:	More	Same	Less	N/A
(a) Buildings	21	41	28	9
	(18)	(42)	(29)	(10)
(b) Plant and machinery	36	39	24	1
	(32)	(44)	(22)	(2)

	Yes	No	N/A
Is your present level of output below capacity (i.e. are you working below a satisfactory full rate of operation)	61	38	—
	(60)	(38)	(1)

Excluding seasonal variations, do you consider that in volume terms:

	Above normal	Normal	Below normal	N/A
(a) Your present total order book is	13	55	30	1
	(16)	(47)	(35)	(2)
	More than adequate	Adequate	Less than adequate	N/A
(b) Your present stocks of finished goods are	16	59	10	15
	(18)	(59)	(10)	(13)

Excluding seasonal variations, what has been the trend over the past four months, and what are the expected trends for the next four months, with regard to:

	Trend over past four months				Expected trend over next four months			
	Up	Same	Down	N/A	Up	Down	Same	N/A
Numbers employed	18	52	30	—	15	59	25	—
	(18)	(49)	(32)	(—)	(16)	(56)	(28)	(—)
Volume of total new orders	29	46	23	2	25	59	15	2
	(28)	(44)	(26)	(2)	(28)	(58)	(12)	(2)
of wbicb: Domestic orders	28	50	19	2	22	66	10	2
	(25)	(50)	(22)	(2)	(24)	(64)	(10)	(2)
Volume of output	26	55	19	1	23	64	13	1
	(23)	(59)	(18)	(1)	(29)	(62)	(7)	(1)
Volume of domestic deliveries	30	52	18	1	26	61	13	1
	(26)	(52)	(21)	(1)	(29)	(59)	(11)	(1)
Stocks of:								
(a) Raw materials and brought in supplies	19	62	17	3	12	68	17	3
	(18)	(62)	(18)	(2)	(15)	(66)	(16)	(3)
(b) Work in progress	20	62	13	5	11	68	15	5
	(18)	(60)	(15)	(6)	(15)	(66)	(13)	(6)
(c) Finished goods	16	53	17	14	15	56	15	14
	(15)	(50)	(23)	(13)	(14)	(55)	(18)	(13)
Average costs per unit of output	64	34	2	1	75	24	1	1
	(61)	(35)	(3)	(1)	(67)	(29)	(2)	(1)
Average prices at which: Domestic ordera are booked	47	50	1	1	61	37	1	1
	(44)	(51)	(4)	(1)	(55)	(43)	(1)	(1)

Approximately how many months' production is accounted for by your present order book or production schedule:

Less than 1	1-3	4-6	7-9	10-12	13-18	More than 18	N/A
13	44	16	3	2	3	1	17
(11)	(44)	(15)	(6)	(2)	(3)	(1)	(18)

What factors are likely to limit your output over the next four months:

Orders or sales	Skilled labour	Other labour	Plant capacity	Credit or finance	Materials or components	Other
72	20	4	10	2	12	10
(71)	(27)	(5)	(13)	(2)	(8)	(6)

Factors likely to limit your capital expenditure authorisations on buildings, plant and macbinery over the next 12 months:

(a) I have adequate capacity to meet expected demand	75	(77)
(b) Although I bave adequate capacity, I have also capital investment opportunities which would be profitable at the present cost of finance, but I sball not be undertaking some of them for the following reasons:		
(i) Shortage of internal finance	5	(5)
(ii) Inability to raise external finance	—	(1)
(iii) Shortaga of managerial and technical staff	2	(4)
(iv) Shortage nf labour	2	(2)
(v) Other	2	(1)
(c) My capacity is not adequate to meet expected demand but I do not intend increasing my capacity. This is for the following reasons	3	(3)
(i) Not profitable because of the cost of finance	1	(—)
(ii) Shortage of internal finance	1	(1)
(iii) Inability to raise external finance	—	(—)
(iv) Sbortage of managerial and technical staff	—	(1)
(v) Shortage of labour	1	(1)
(vi) Other	1	(2)
(d) None of the above is applicable	22	(19)

Job scheme for old ironworks

By Ray Perman, Scottish Correspondent

A DRIVE to encourage new businesses in a former steelmaking area was announced yesterday by BSC (Industry), the job-creation subsidiary of the British Steel Corporation.

Buildings on the site of the Clyde Iron Works, Glasgow, which closed in 1977, are to be converted to provide accommodation for renting by small companies. About 70 units will be completed over the next year, from a 200 sq ft office to an 8,000 sq ft factory bay with a 10-tonne overhead crane.

BSC (Industry) has tried the workshop idea before in Clerkenwell, London, where 100 small companies have been established.

Mr. P. G. Naylor, chief executive of BSC (Industry), hoped the former steelworkers would offer ideas for using their redundancy payments to set up new ventures. If all the workshops were occupied they could provide up to 300 jobs.

Five-point Ulster plan by Mason looks doomed

BY STEWART DALBY IN BELFAST

THE CHANCES of implementing a five-point plan by Mr. Roy Mason, Secretary of State for Northern Ireland, to develop local government in the province before the next General Election have virtually evaporated.

Mr. Harry West, leader of the Official Unionist Party, the largest of the Protestant groupings involved in talks, has rejected the plan and said that his party, which has eight of the 12 Ulster seats at Westminster, will submit proposals to the Minister soon.

The Social Democratic and Labour Party, the main constituency grouping of moderate Roman Catholics, also has reservations and has said it will seek changes.

The plan, announced over a year ago, envisages a 78-member non-legislative assembly elected by proportional representation. Although the assembly would have no executive powers it would consider Bills submitted by select committees. The committees, which would effectively be separate departments such as housing and education, would also be elected proportionately and therefore represent Catholics and Protestants.

Mr. West said the scheme would give too much power-sharing to Catholics, who wanted to take the province out of the UK. But if his party seeks a return to a new tier of local government, such as county or regional councils elected on a majority basis, Mr. Mason will refuse. It is understood that the Conservatives also oppose a return to local government by a majority, since that would mean Protestant rule.

Scope for the Official Unionists to reach another parliamentary understanding with the Labour Government seem limited in the face of all-party opposition to local government on a majority basis.

Since Mr. Mason's plan, which he says amounts almost to total devolution, also appears unacceptable, Ulster seems likely to face a continuing gulf between the all-powerful minister and the virtually impotent district council.

FINANCIAL TIMES GROCERY INDEX

Bad weather adds to rise caused by lorry strike

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

THE FINANCIAL TIMES shopping basket index of grocery prices rose sharply as expected in January because of bad weather and the effects of the lorry drivers' strike. It went up by 3.3 per cent, from 105.10 in December to 108.54.

The increase is the biggest since the index was re-launched last March. It was clearly due to much dearer meat, fresh vegetables, and dairy produce. But there was no evidence that retailers had tried to push up prices of packaged groceries because of shortage of supplies.

The 25 Financial Times shoppers who monitor 100 items each month in stores of all sizes and types throughout the UK reported difficulty in obtaining some vegetables and groceries such as sugar and salt, but there were no big supply troubles.

Vegetables are usually much more expensive at this time of the year because of the weather, but exceptionally poor conditions and the road haulage dispute pushed up prices much faster than usual. The total cost to our 25 shoppers of the fruit and vegetables sector of the market rose by just under £26 to £226.46.

The sharpest rises were reported for root vegetables, which farmers have been unable to lift because of frost. Carrots have gone up from 8p to 10p a pound and onions are costing 2p to 3p a pound more.

Cauliflowers were only slightly dearer, although supplies were scarce. Tomatoes, which were extremely expensive just before Christmas, are slightly cheaper in most of the shops covered by the FT shoppers.

Fresh meat prices also rose sharply because of supply difficulties; cost in the basket went up from £443.14 in December to £470.03 in January. The main increases were reported for beef, especially the cheaper cuts, and lamb. Some beef prices were up to 22p a pound more.

The increase in the cost of dairy produce in the basket, from £512.64 to £528.96, was largely due to dearer butter and eggs. Eggs, which had risen steeply in price in December, were about 4p a half-dozen dearer at 33p. Butter cost about 8p a pound more at about 70p and supplies were strictly limited in most shops.

Milk in some shops increased from 14½p a pint to 15p while Marvel powdered milk cost 4p more in several shops.

While dairy produce, meat and vegetables were chiefly affected by the weather and strike action, other food expenditure, such as that on bread and beverages, showed only a small increase. Canned and frozen foods, which shoppers were panic-buying at the beginning of the strike, were generally slightly cheaper.

Inquiries about the grocery basket should be made to Lucinda Wetherall at the Financial Times.

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THE FINANCIAL TIMES SHOPPING BASKET
JANUARY, 1979

	January £	December £
Dairy produce	528.96	512.64
Sugar, tea, coffee, soft drinks	177.87	174.11
Bread, flour and cereals	244.32	242.33
Preserves and dry groceries	88.17	86.67
Sauces and pickles	42.45	42.11
Canned goods	157.13	157.13
Frozen foods	190.36	191.33
Meat, bacon, etc. (fresh)	470.03	443.14
Fruit and vegetables	226.46	200.36
Non-foods	181.03	183.56
Total	2,306.78	2,233.56

Index for January: 108.54; 1978: March 100; April 101.77; May 103.11; June 104.18; July 102.41; August 101.89; September 101.90; October 101.77; November 103.67; December 105.10. 1979: January 108.54.

CONTRACTS

Wellman £1m ovens for Ford

The CHAL (controlled heat and air) division of WELLMAN INCANDESCENT has been awarded a contract worth about £1m by the Ford Motor Company for the supply of five large core drying ovens at its Thames foundry at Dagenham.

★

HENRY BALFOUR AND COMPANY has been awarded contracts worth £500,000 in the Irish Republic. The largest is from Daniel Construction Company International for the supply of glassed steel vessels for a new chemical plant on a site near Cork for the U.S. pharmaceutical company, Eli Lilly.

★

A. ROBERTS (BUILDING) has been awarded a contract worth £300,000 by Municipal Mutual Insurance for a three-storey office building at Sandling Road, Maidstone, Kent.

★

Cam Gears, a designer and manufacturer of automotive rack and pinion steering equipment, has placed an order valued at about £150,000 with BIRLEC, the GEC furnace manufacturing concern, for furnaces to carry out the process of hardening and tempering steering tie bars, at a rate of more than 3m a year. The installation will consist of two gas-fired sealed quench furnaces for hardening under process atmosphere, two batch furnaces for tempering, and generating plant for the process atmosphere.

★

DATANOMICS, a part of the Lingard Industrial Holdings group, has received a contract valued at more than £100,000 from Portals, for an integrated process control system to check the quality of banknote and high security papers.

Bullion chief backs gold reserve plan

BY DAVID MARSH

THE REVIVAL of gold as a reserve asset in the proposed European Monetary System should help the gold price to break new ground this year and reach a range of $260 to $280 an ounce, according to Mr. Robert Guy, director of gold and foreign exchange trading at N. M. Rothschild and Sons.

Under the plan for the central banks to pool part of their gold reserves in the European Monetary Fund, "gold, far from being de-monetised, will in fact be backing the European Currency Unit," Mr. Guy told the American Metal Market Gold and Silver Forum in New York yesterday.

Mr. Guy, one of the leading figures in the London bullion market, said the U.S. still favours gold de-monetisation, with last week's budget indicating that the Treasury intends to continue with monthly auctions of 1½m ounces for the next six months.

Japan, whose method of valuing gold reserves remains a secret, is in a difficult position over gold because of its close economic ties with the U.S. But with gold being revalued in the EMS as well as in other countries outside Europe, "it Japan was to take a more positive attitude towards gold nobody would be surprised," Mr. Guy said.

Other central banks with high currency reserves outside the U.S., Japan and Europe, seeing the EMS gold reserve plan might further extend their reserves diversification to include gold, which at present made up only a relatively small portion of their foreign holdings.

New Renault to compete in company car market

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

A CAR being launched by Renault in the UK today is to compete with what the company considers its biggest competitors in private and business sales.

The R18, which will have 1,397cc and 1,647 cc engines and will cost from £3,313 to £4,233, will enter the company car market, which accounts for an estimated seven-tenths of new car sales in Britain.

Renault, the State-owned French group, expects to sell 23,000 R18s in Britain this year, out of its overall UK target of 83,000.

That would represent a 19 per cent increase in Renault's UK car sales over 1978, when 69,627 were sold and give the group more than 5 per cent of the expected market.

The R18 in its TS version will challenge Ford's Cortina and Vauxhall's Cavalier. The range will also take on the medium-sized Fiat, BL, Chrysler and Japanese saloons. The sector accounts for about 500,000 sales a year.

The 1.4-litre engine used in the TL and GTL models is an enlarged version of that in the R12; the 1.6-litre engine of the TS and GTS is virtually the same as that in the R16; the five-speed gearbox in the 18GTS is used in the 16TX and 17TS coupe; and the R18's suspension follows a similar layout to the R12's.

The R18 was launched in France last April. Production at Flins and Sandouville is more than 1,200 a day.

The car is 2 inches longer and 3 inches higher inside than the Cortina.

Language bar men to be paid by BSC

BY ROY HODSON

AN AGREED settlement between the British Steel Corporation and the Commission for Racial Equality has led to the corporation making payments of between £2,500 and £900 to seven Bangladesh workers at Scunthorpe and a decision to introduce a new English language test at its steel plants.

The settlement ends proceedings before the Industrial Tribunal on behalf of the seven workers who, after leaving the corporation, had been refused re-employment.

The corporation claimed that under the Safety at Work Act, 1974, the men's command of the English language was not adequate for them to be reinstated in their old jobs.

Under the settlement, the men will be offered labouring jobs on condition that they attend English language classes during working hours. Only after passing tests in the language will they become eligible for promotion into production area jobs.

Undertaking

British Steel has given an undertaking to the tribunal that it will retain a recognised expert to supervise English language testing at Scunthorpe. Previous tests were jointly devised by corporation management and the trade unions.

Dr. Janet Goodman, an expert in selective testing, has been retained to supervise English language testing throughout the corporation.

Last night BSC said the ex-gratia payments to the Scunthorpe seven were being made as recompense for the "efforts, expense and inconvenience" the tribunal proceedings had caused them.

GLC delegation to Far East

MR. HAROLD MOTE, Greater London Council chairman, sets out from Heathrow Airport today with a four-person delegation for official visits to Hong Kong, Kuala Lumpur and Singapore.

He said: "Many of the problems we face, such as the well-being of Londoners, provision of homes and jobs, improvement of the environment and establishment of law and order are shared by countries throughout the world.

"Our experience and solutions may well help others, for example in public transport and engineering matters. Similarly, their know-how could be of benefit to London."

Importer omitted £2.8m debt

A WATCH importer appearing for public examination at London Bankruptcy Court, following the collapse of his London-based company, said yesterday he had omitted a claim for £2.8m when he first assessed his debts.

Mr. Arthur Ignacy Miller, 54, of Porchester Place, Bayswater, had put his debts at £12,373. Later he showed liabilities of £3.313m.

He said he did not expect the claim, by a Swiss watch company, to stand in the bankruptcy and he put his debt at £513,095. The hearing was concluded.

Real incomes of families lower than in 1973-74

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE REAL INCOME of households on average earnings was lower at the beginning of the current pay round than in 1973-74—even after the sharp rise in living standards in 1977-78.

This is indicated by a recent Parliamentary written answer by Mr. Robert Sheldon, Financial Secretary to the Treasury, to Mr. Nigel Lawson, an Opposition spokesman on economic affairs.

A married couple with two children under 11 receiving average earnings had a real weekly net income of £73.80 last September. This was £5.70 or 3.4 per cent higher in real terms than 12 months earlier, but 3½ per cent less than the peak level at the end of 1974, and 1 per cent less than the average of 1974.

This decline reflects both the squeeze on real earnings and rise in the tax burden of the period.

Treasury estimates of real weekly net income reflect the earnings of all employees and take account of both child tax allowances (now being phased out) and child benefits. In this way the figures are slightly different from real weekly take-home pay.

REAL WEEKLY NET INCOME AT OCTOBER 1978 PRICES

Sept.	Single Person	Married couple (with 2 children under 11)
	£	£
1970	60.20	68.90
1971	61.20	70.30
1972	65.90	74.50
1973	67.00	74.70
1974	65.70	74.50
1975	63.40	71.60
1976	61.50	70.30
1977	59.10	68.10
1978	64.40	73.80

Based on average earnings of men in full-time employment.
Source: Treasury

The trend contrasts with that of real personal disposable income which in the third quarter of last year was 2 per cent higher than at the end of 1974.

The difference is partly explained by a redistribution over the period between income earners and others. The main relative beneficiaries have been those on social security payments, such as pensioners. Their weekly payments have risen in real terms since 1974, while the number benefiting has been boosted by the rise in unemployment.

Broadly the same trends apply to other groups of income earners such as single persons and married couples without children.

The real weekly net income of single people on average earnings last September was 4.5 per cent lower than at the end of 1974 but nearly 9 per cent higher than in the autumn of 1977.

'Goodwill' aim of Stern gifts

BY TERRY OGG

PLANNING OFFICERS, a town clerk and a development corporation officer were among the recipients of Christmas gifts totalling about £27,000 from the Stern group of companies in 1972 and 1973, according to Mr. Justice Croom-Johnson, chairman of the Crown Agents tribunal, yesterday.

Questioning Mr. William Stern about a gift to a government servant whose work was connected with property, the chairman asked if it was designed "to acquire or preserve goodwill."

Mr. Stern initially replied that it was a means of establishing a "corporate presence," but, after further questioning on gifts to other individual local government officials, he agreed that "goodwill" was the reason.

Earlier, Mr. Stern had said that the gifts relieved a "feeling of frustration at being seen as the business machine, having no social contacts." Normal social contacts were made difficult, he said, because he is a practising orthodox Jew. The bulk of the gifts were valued within a range of £3 to £30. In special cases, presents costing up to £400 were given.

Mr. Justice Croom-Johnson, reminded the tribunal of his earlier ruling not to disclose names of people given gifts other than those employed or formerly employed by the Crown Agents.

The names and addresses of the recipients were sent to the tribunal by Mr. Stern's solicitors but, in the official documents, the names and addresses have been replaced by numbers.

The chairman, questioning Mr. Stern on the gifts, referred to a number of people but only indicated the general nature of their work.

Referring to "somebody in Scotland" a "Government servant with work in connection with property," Mr. Justice Croom-Johnson asked Mr. Stern whether he had been to that part of Scotland. "No," Mr. Stern replied.

"So you never met him," the chairman asked. "No," Mr. Stern said.

"So why are you giving him a Christmas gift?" the chairman asked. Mr. Stern replied that a subsidiary had activities in the area and the name had most likely been supplied by someone in the subsidiary.

Earlier, the subject of Mr. Stern's personal guarantees had been raised. "Banking practice in the UK requires, in most instances, from directors of private companies a guarantee for a loan," he said.

He went on to explain that the guarantees usually fell into two categories. The first was in small companies where proprietors were asked not only what their company's net worth was but also what their own personal financial position was.

New NCR computer deal safeguards Scottish plant

BY RAY PERMAN, SCOTTISH CORRESPONDENT

NCR, the U.S.-owned computer and electronic equipment manufacturer, believes that its 1780 banking terminal introduced yesterday will secure the future of its Dundee factory.

Five British banks have so far placed orders worth £7.5m for the new terminal, which is due to go into mass production shortly.

Some machines are now undergoing advanced testing, and the first to be sold will be delivered to Barclays today. Overseas banks in five countries have also shown an interest.

Mr. Richard MacDonald, general manager of NCR, Dundee, said that in six months production of the 1780, which retails at £15,500, should be about 150 a month and could be stepped up to 200 without moving to shift working.

The new terminal, which was developed in Dundee, replaces the four-year-old 770 model designed at the company's headquarters at Dayton, Ohio.

NCR opened in Dundee in 1946 and built up to employ 6,500 workers in 1970 during the cash register boom following the change over to decimal coinage.

Since then the steady replacement of mechanical machines by electronic equipment has meant heavy redundancies and the closure of several factories. Total employment now in Dundee is just over 1,000.

Mr. MacDonald added that in the last 18 months Dundee had undergone major reorganisation, which included the scrapping of 15 outdated product lines, such as mechanical comptometers and older electronic cash registers, and the introduction of a new range.

"We have dropped some products which have been in existence for 25 years and which the work force had got to know very well. We have had to almost completely retrain the personnel to assemble micro-circuits rather than mechanical components."

NCR had approved new research at Dundee to improve the 1780 and develop other new equipment and software.

The company claims that the 1780 extends the range of banking services available from remote terminals, which can be installed in the outside walls of banks, or further afield, for example, in shopping centres. It is smaller, lighter and cheaper than the 770 which it replaces.

Usury as usual again on Isle of Man

By Our Isle of Man Correspondent

THE HOUSE OF KEYS yesterday voted for the repeal of the Manx Usury Acts by 14 votes to seven. The Bill to repeal the Acts, described as outdated and outmoded by Mr. Percy Radcliffe, chairman of the Isle of Man Finance Board, was first introduced in the House in June, 1978.

The Manx Usury Acts effectively limit interest rates on the island to 12½ per cent.

A Bill to repeal the Acts was defeated by one vote in 1973. This time, although there have been lengthy debates on the subject, it was obvious after the Second Reading that the Bill would be passed.

Mr. Radcliffe asked that the Usury Acts be removed so that the island could take a progressive step forward. "Let us not restrict commerce by retaining a barrier," he said.

Mr. Clifford Irving, another member of the House in favour of the repeal, claimed money was like any other commodity and said: "We cannot control interest rates any more than we can control the weather."

During the debate the Manx Usury Acts, which have existed in various forms since the 19th century, were referred to as obsolete and mediaeval laws.

PRICE COMMISSION REJECTS FEE RISE DEMAND

Unit trust margins 'adequate'

BY EAMONN FINGLETON

UNIT TRUST groups' profitability was quoted yesterday as the main reason for the Price Commission's rejection of the industry's demand for increased management fees.

The Price Commission, called in last summer by the Department of Trade to scrutinise the *Unit Trust Association's* application, reported that the profit margins of the six leading management groups were "sufficient to reward their efforts."

By the Price Commission's definition, the group's profit margins between 1974 and 1977 ranged from 15.3 per cent to 25.5 per cent.

The commission said that smaller groups were generally less profitable but added: "The number of entrants to the industry indicates that there is no profitability barrier to entry."

The Price Commission's principal suggestion for change was to replace Department of Trade control over maximum charges with a system in which competition would keep down management charges.

Greater competition might be fostered if investors were given more information about the level of management charges and salesmen's commissions.

The Price Commission was commenting on the association's application to raise the maximum annual fee that groups are permitted to charge to ¾ per cent of the total value of each fund.

The industry also makes an initial charge when the investor buys units, in most cases 5 per cent.

The association contended that the present maximum annual charge, mostly ½ per cent, is too low to cover the basic administration costs of running a typical unit trust fund.

The association observed that when the system was drawn up, the initial charge was allocated to cover marketing and setting-up costs and the annual charge *was for recurring management* costs.

The Price Commission reported, however, that the Department of Trade no longer believed that the two types of charges should be allocated to the separate functions but should be taken together.

The report commented: "It is wrong to assume that the preliminary charge should go towards the costs merely of marketing units and putting the unit holder on the books.

"It should be regarded rather as a matter of convenience that expenditure is recovered by income raised both by the preliminary charge and a smaller recurring charge.

"A distinction between the two activities may encourage companies to spend heavily on marketing in order to maximise income from preliminary charges without regard to the future continuing costs of management.

"In any case, a prudent company would consider that the soundness of its management of funds on a continuing basis is its best guarantee of the successful selling of units, so that it would not view its business as other than an integrated operation."

In assessing profitability, therefore, the Price Commission took account not only of annual fee income but initial management charges and the profits that groups make from trading in their units.

The commission deducted commissions and marketing allowances to insurance brokers and other intermediaries in calculating the gross revenue figures that formed the basis of its *profit margins* figures.

The commission said: "It was put to us that both discounts and commissions should be treated as marketing expenses and therefore included in total expenditure. Another suggestion was that only commissions should be treated as part of the total expenditure.

"We do not, however, accept either of these suggestions, since it is our view that both discounts and commissions are rebates of income. Consequently we show net profit as a percentage of 'net revenue,' which is defined as income less discounts and commissions."

In assessing management groups' efficiency, the report attacked the impression the industry sometimes gives that unit holders consistently do better than they would if they invested in an average holding of ordinary shares.

The report said: "An investment in an average unit trust between 1968 and 1972 would now be worth some 5 per cent to 3 per cent more than an investment in average ordinary shares, while from 1973 onwards, capital appreciation of an average unit trust has been lower than the market generally —particularly for investments made at the bottom of the market in 1974."

Unit Trust Management Charges (Department of Trade, £1.75).

Fears for North Sea rigs' output

BY OUR LABOUR EDITOR

NORTH SEA oil production companies are worried that a strike of construction workers, the most serious since the offshore oil and gas fields opened, might soon affect output.

The unofficial dispute is seen as an embarrassment to the Government, which may be asked to receive a deputation of the strikers. Unless the strike is made official, the Department of Energy can do little.

About 2,000 of the 7,000 workers involved have voted to stay on strike until their employers, members of the Oil and Chemical Plants Construction Association, concede their demand for two weeks off duty between every fortnight on, instead of two weeks off for every three weeks on.

The strike, more than three weeks old, has disrupted construction work on 14 rigs in some of the biggest oil fields, including Brent, Ninian, Piper, Beryl, Cormorant, Heather, Dunlin and part of Forties.

The men concerned work mainly for recognised building contractors and are better organised than the mainly non-union rig workers. Their earnings are unofficially estimated at between £11,000 and £13,000 a year.

As well as longer leave, the workers are demanding better *pay* and conditions and improved health and safety provisions.

One factor said to be influencing the men is that, as the end of the tax year is close, action now will be fairly cheap, since tax rebates may be claimed.

Workers at Shotton plan cuts

PLANS FOR big cuts in costs are to be drawn up by unions to try to persuade the British Steel Corporation to retain steelmaking at Shotton works, north Wales.

The move follows a meeting yesterday between Shotton steel action committee members and Mr. Bill Sirs, chairman of the TUC steel industry committee.

Mr. Sirs made clear that the corporation would have liked to close steelmaking at Shotton as soon as possible had it been allowed to. Excess steel capacity resulting from the commissioning of the Ravenscraig works in Scotland was putting Shotton in an even more difficult position.

Mr. Sirs said that he was sure the Shotton campaigners had been able to persuade Sir Charles Villiers, British Steel chairman, to honour his commitment that Shotton would not be closed until at least 1982.

Meanwhile, he said, British Steel should use up excess capacity by making a much bigger effort to capture orders going to overseas producers. He urged the Shotton unions to work together on economies that would make the works much more attractive for the corporation to keep open.

He promised the full support of the national TUC steel committee. The unions said later that they would meet shortly to plan revising the work force.

About 6,000 jobs would be lost if steelmaking was closed at Shotton.

Journalists win reprieve against NUJ

THE NATIONAL Union of Journalists undertook in the High Court yesterday not to discipline journalists in Birmingham and Coventry who disobeyed a strike instruction until after a decision on whether the recent provincial newspaper strike was legally called.

Mr. John Melville Williams, QC, for the NUJ, told Mr. Justice Slade that the matter needed a quick decision. The union had received complaints from branches all round the country about people who disobeyed the strike call. The judge agreed to an early hearing.

Injunctions were obtained against the union last week by 90 members of the Birmingham Post and Mail's editorial chapel (office branch) *against* whom disciplinary proceedings were to have begun on Monday.

Eleven journalists on the Coventry Evening Telegraph were joined as plaintiffs in the action yesterday.

Mr. Williams said the union had already heard complaints against the Coventry journalists and disciplinary recommendations had been prepared for its national executive.

Mr. Bob Norris, NUJ assistant general secretary, said after yesterday's hearing: "There are no plans to abandon disciplinary hearings taking place around the country now. Our next is scheduled for Thursday in Surrey. But obviously no disciplinary action will be taken until after this case."

NUPE 'tightens grip' on local authorities

FINANCIAL TIMES REPORTER

"WE ARE not showing all our strength at once. We are tightening the grip. We want to bring pressure from members of the public and worry the councils." That was how the National Union of Public Employees—*one of four unions* involved in action by local authority workers — yesterday described its tactics in organising disruption, the most serious effect of which has been to close up to half of Britain's hospitals to all but emergencies.

In London yesterday, ambulancemen worked to rule—which included not using radio telephones except in emergencies. The South West Thames Regional Health Authority said that troops might be called in if the position deteriorated.

Hospital services had already been disrupted by action by porters, laundry workers and other ancillary staff.

Nearly 500 hospital ancillary workers in the Westminster health area voted for an all-out strike yesterday afternoon. The decision was taken at a meeting of shop stewards and branch officials of NUPE.

Threats

There were also threats that 500 staff in the larger Kensington and *Chelsea South districts* may join the strike today. That would leave more than 1,000 patients in six hospitals in the three areas without normal domestic services.

The all-out strike decision followed a dispute over the cleaning of private wards at the Westminster Hospital.

NUPE said that six women cleaners, taking selective action in pursuit of the union pay *claim*, were dismissed. *More* than 100 NUPE members walked out on Monday and were joined by others yesterday.

The strike, which involves cleaners, cooks, engineers and other domestic staff, will initially affect the Westminster Hospital, the Gordon Hospital, the Westminster Children's Hospital and the All Saints Psychiatric Hospital.

Mr. Jamie Morris, NUPE branch secretary, said after yesterday's meeting: "There will be a full district branch meeting tomorrow and shop stewards will be asked to support the action. If support is forthcoming, domestic staff at St. Stephen's Hospital, Fulham, and St. Mary Abbot's, Kensington, will join the strike."

Mr. Morris said that the union's aim was to stop oil supplies entering the hospitals. "To stop food is not our prime aim. We do not want to starve patients," he said. But he added that pickets had stopped meat, vegetables and bread entering the Westminster Hospital.

The Westminster Hospital said: "We do not know what effect an all-out strike will have. Until now we have managed to maintain the level of patient care and have not had to make any reductions in patient services. We are managing this by the use of voluntary workers and other staff are rallying around."

The North West Thames Regional Health Authority said yesterday that its mental hospitals had been particularly affected by the dispute. St. Bernard's Hospital, Ealing, was admitting only urgent cases. The authority said mental hospitals were normally short of staff and any work-to-rule caused serious problems.

Rubbish continued to pile up in London yesterday as dustmen in several boroughs continued their strike. The Greater London Council said that six of its 30 waste disposal plants were being picketed.

Conditions on the roads in the region have improved slightly as more salt becomes available to local authorities which can collect rock salt from ICI's mine in Cheshire.

Gritting

But the Royal Automobile Club said that gritting in London and the South was still patchy.

In the London Borough of Haringey, hundreds of working mothers had to take their children to work or stay at home as manual workers and caretakers at schools continued their "indefinite strike action." About 31,000 children are affected. NUPE this week *started a series of rolling strikes* in the London area which will hit 10 different schools every week.

The strike due to begin at midnight last night by ambulancemen in Suffolk was called off after negotiations between Suffolk Health Authority and NUPE officials. The union's ambulance staff had been offered a 15 per cent interim pay award and in the long term the award should be worth 24 per cent.

The authority said the 15 per cent payment was agreed in return for an immediate return to normal working.

Sanctions

The 40 hospitals in Birmingham Area Health Authority are dealing with emergency cases only. Industrial sanctions include the restriction of supplies of laundry, disruption of transport between hospitals and reduced portering facilities.

At the Queen Elizabeth Hospital, Birmingham, cancer patients sent home last week are being re-admitted following an agreement.

Dr. Malcolm Farr, director of the dialysis unit at Hull Royal Infirmary, Sutton-on-Hull, warned that if kidney patients do not get artificial kidney equipment they die. Some patients have no kidneys of their own and may last only 10 days without dialysis.

Doctors plan to ask patients to collect the equipment themselves. There are 40 patients in a large area on home dialysis and another 20 in hospitals.

Dr. Farr said: "There is a strike committee vetting all our equipment at the hospital. They are going through each piece of equipment and deciding whether we can have it or not. Sometimes they granted dispensation and then refuse it."

Recruits

The two main hospitals in Harrogate, Yorkshire, appealed to the public to maintain vital services after a mass walk-out by NUPE members.

A bureau was set up in the town to recruit volunteers because staffing levels were critical, and a steady stream of people arrived at both hospitals.

ERF, in Manchester the Jewish Hospital is likely to be closed, and patients transferred to another hospital. Hospitals throughout the area are running short of clean linen and most are admitting emergencies only.

Thousands of families in the Barnsley area were warned to boil drinking water after water workers began an unofficial pay strike.

The Yorkshire Water Authority said it could not guarantee the purity of water after the men walked out this morning. They have rejected a 14 per cent offer but more talks are due to be held on Friday.

Gravediggers

About 100 water and sewerage workers went on strike in Mid and South Glamorgan, but the Welsh National Water Authority said no major problems with services were expected.

But the authority appealed to the public to reduce consumption. In Herefordshire, where breakdowns are taking longer to repair, and in Chepstow, Gwent, where supplies have been reduced by industrial action.

The strike of 70 gravediggers and crematorium attendants in Liverpool continued into its second week. More than 60 bodies are being held in a disused warehouse on the city outskirts in addition to those in funeral parlours.

Some motor workers go back after layoffs in lorry strike

FINANCIAL TIMES REPORTER

FORD tomorrow will recall the 450 employees laid off as a result of the lorry drivers' strike. They are final-assembly workers at the tractor factory in Basildon.

BL's Austin Morris cars division, all 40,000 staff will be back at work, except 200 engine-makers at Coventry. This follows today's recall of 7,700 staff, including 2,600 at the Pressed Steel Fisher factory, which supplies bodies for Cowley.

At BL's Jaguar-Rover-Triumph division recall of nearly 500 workers at the Triumph Dolomite factory was being held up by non-delivery of car bodies from Speke, near Liverpool, where 175 out of 675 layoffs have been recalled.

Nearly half the production staff of 4,000 at *the truck plant* at Bathgate, Scotland, are also still laid off.

At Chrysler, the only workers made idle are about 1,200 sent home at the end of last week because of the situation in Iran, which assembles a version of the Hunter.

Vauxhall Motors, with 5,000 idle at Luton and Dunstable, is reviewing the situation daily.

Salt supplies to food manufacturers were slowly returning to normal yesterday after pickets withdrew from British Salt's Cheshire depot.

British Salt, reduced to distributing about 25 per cent of its bagged salt sales for the last three weeks, said there was a "tremendous backlog" of orders. It was allocating salt to customers according to their specific needs, and it would take up to three weeks to clear the backlog.

ICI's *mine* in Cheshire is free of pickets, but its deliveries are not back to normal, as most of its rock salt deliveries are by contract drivers. It said that any local authorities in need of salt for roads were free to collect it if they had a vehicle and a driver.

Total layoffs in the North-west because of the long dispute stood at more than 40,000 yesterday, but some workers were being recalled as others were laid off.

H. J. Heinz, the food group, which began laying off its 3,000 labour force at Wigan two weeks ago, is recalling its night shift from tomorrow. Others are asked to return later in the week.

ERF, the Sandbach, Cheshire, lorry-maker has introduced three-day working because of shortage of supplies and the effect of the strike on orders.

Packaging barely noticed the relaxed grip of pickets in many areas. Short-time working weeks, shortage of space and difficulties in obtaining raw materials were still disrupting companies.

The £40m fibreboard case industry still has about 25 per cent of its factories closed. In Scotland, picketing at some factories was still solid. Customers, including the whisky industry had no space to receive packaging.

Courtauld's subsidiary, British Cellophane, was still affected by supplies shortage. At Bridgwater 2,000 were sent home with no immediate plans to re-start.

At least 2,000 are laid off in the glass-container industry now, 1,400 from United Glass alone.

Ship launch beats boycott by union

BY IAN HARGREAVES, SHIPPING CORRESPONDENT

A DECISION to launch HMS Southampton, the Navy's latest destroyer, secretly at midnight on Monday was taken after a union dispute had delayed the ceremony, it was learnt yesterday.

The official launching had been planned for earlier that day, but when Lady Cameron, wife of the Chief of the Defence Staff, broke a bottle of champagne against the vessel's bow, it did not move.

Members of the Boilermakers' Society had boycotted the event in support of their demand for implementation of a locally agreed productivity bonus scheme.

The company, which is part of British Shipbuilders, said the ship was launched on the next available tide "by volunteer effort, with the object of ensuring continuity of employment in the shipyard."

That is taken to mean that managers carried out the job. It usually involves about 20 men to remove shoring, handle drag chains, and release the power trigger, which is the final stay on the vessel before *launching*.

Management at Vosper's Woolston yard, which built the Southampton, was worried that further delays in the launching would reduce their chances of winning an order for the Navy's next £40m destroyer. There is stiff competition for it from merchant yards outside the specialist warship - building group.

With the Southampton in the water, the Woolston yard can start immediately on a new vessel.

Tube drivers vote to back railwaymen

By Our Labour Editor

LONDON UNDERGROUND drivers and guards have voted to take industrial action in support of their union collagues on British Rail over a productivity bonus dispute.

Members of the Associated Society of Locomotive Engineers and Firemen, who make up about half the drivers on the Underground, will support the action threatened for February 21 or any further walk-outs.

Accordin gto Mr. Ted Miles, ASLEF executive member for London Transport, the men felt that they should support any further protest by their BR colleagues if the railway staffs national tribunal, to which the dispute has again been referred, fails to settle the issue.

ASLEF says it represents 2,200 Underground men in 16 branches, 2,000 of them drivers and guards.

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Callaghan rules out freeze on wages

BY IVOR OWEN

THERE IS no question of the Government imposing an immediate wage freeze, the Prime Minister assured the Commons yesterday. But he insisted that the settlement achieved by the lorry drivers' strike, estimated to be in the region of 20 per cent, must not become the new "norm."

A wage freeze "at this stage" in the current wage round, maintained Mr. Callaghan, would be unfair to the many workers whose claims had not been settled or, in some cases, even submitted.

But he refused to reprove Mr. William Rodgers, the Transport Secretary, for saying in a week-end speech that there was now a respectable case for a wages and prices freeze.

This was seen by Mrs. Margaret Thatcher, the Opposition leader, as a breach of the doctrine of Cabinet collective responsibility—a view shared by Mr. Dennis Canavan (Lab., Stirlingshire W.), who called for Mr. Rodgers' dismissal.

The Prime Minister preferred a more tolerant approach. Mr. Rodgers, he said, had merely been explaining that past history showed that unbridled wage settlements had led to wage freezes.

"But the Government has no intention of imposing a wage freeze, certainly not at this period of the wages round."

When Mrs. Thatcher pressed the issue of Cabinet collective responsibility, Mr. Callaghan contended that Ministers were entitled—"certainly in circumstances like this"—to put forward considerations which would instruct, guide and inform public opinion.

Ignoring signs of restiveness from the Labour back benches, Mr. Callaghan said: "It is our intention to ensure that we get settlements as close as possible to the Government's acknowledged view that 5 per cent is right.

"The closer we get to that, the less will be the prospect of inflation."

Mr. David Steel, the Liberal leader, asked how the Prime Minister could go on talking about 5 per cent after lorry drivers in the South-west had secured 21 per cent.

He argued that, in the absence of adequate proposals from the trade unions, Parliament would have to lay down the framework for a statutory wages and prices policy.

Mr. Callaghan said that the Government had put forward a guideline. It was not involved in negotiations between trade unions and employers.

"If everybody averages 15 per cent they will be no better off than if they had averaged 5 per cent. That is a simple fact."

He again ruled out a return to a statutory incomes policy and commented that past experience had shown that the imposition of a wages freeze had been no more successful than periods of free collective bargaining.

"The plain truth is that neither solution is acceptable. Therefore, we have got to practise a little self-discipline in this country."

Mr. John Pardoe, the Liberal spokesman on economic affairs, asked if the Prime Minister had meant to imply that a wage freeze might be appropriate at a later stage in the wage round.

"If there is going to be a wage freeze to save us from inflation, better sooner than later—otherwise the going rate will be 20 per cent."

Mr. Callaghan emphasised that an immediate wage freeze would be extremely unfair to those workers who had yet to make settlements in the current round.

But he acknowledged the danger of the Government's "norm" being repudiated and then re-defined as "the going rate." That was something which the Government had got to set its mind against.

Inflation warning to arts

By Richard Evans, Lobby Editor

THE Prime Minister promised more Government money for the arts yesterday but added a warning that it was essential to beat inflation if the arts were to flourish.

Mr. Callaghan, speaking at the Evening Standard drama awards lunch at the Savoy, said he rejoiced that the Government had provided financial support on an ever increasing scale which had reached £94m this year.

"Of course, most of you would like more and there will be an increase when Mrs. Shirley Williams announces the grants for 1978-79 for the Arts Council and other bodies," he added.

Mr. Callaghan believed the Government had done well in giving finance for the arts a high priority in public expenditure. This backing had helped to put the country into the front rank of artistic achievement.

But the problem of inflation concerned people in the arts as much as it concerned the Government. "Many of the theatre's difficulties arise from what inflation has done to your operating costs and to the pockets of the audience.

"Only when inflation is mastered can you be sure that your patrons will have the money to buy seats at the price that covers your costs."

He argued that, by what had already been done to reduce inflation, the Government had struck a major blow for greater stability for the theatre. But if costs spiralled again, the theatre would suffer—perhaps disproportionately.

Ready though the Government was to help the arts, it would not have the means to do so in these circumstances.

Tories hope to abolish married men's tax aid

BY DAVID FREUD

ABOLITION OF the married man's tax allowance was proposed yesterday as a way of ending tax discrimination against wives.

A report by a Conservative-backed committee on women and tax concluded that the range of allowances for single people, married men and wives should be ended and a uniform tax allowance introduced for all adults, regardless of marital status.

Miss Shelagh Roberts, chairman of the committee and leader of the GLC's planning and communications policy committee, said this would ensure that wives were regarded as individuals and not as possessions of their husbands.

The report said the new allowance should be set midway between the wife's allowance—currently equivalent to the single person's—and the married man's allowance. This would mean that no married couple would be worse off, and since the allowance would be transferable between husband and wife, couples where the wife did not work would be much better off.

The proposals would mean a 28 per cent rise in the current level of the single person's tax allowance—costing the Exchequer an estimated £0.9bn, or 5 per cent of the income-tax in the current financial year.

Miss Roberts said that the proposal would be very costly to introduce and would have to be phased in over several years. However, the committee felt that making women independent entities for tax purposes was of over-riding importance.

The report also said that tax on investment income should be treated on the same individual basis, with husbands and wives receiving the same threshold of surcharge-free investment income on his or her marginal rate.

Mortgage interest tax relief should be the subject of agreement between husband and wife, with the lender confirming who is making the payments in cases of dispute.

Women and Tax, published by WNAC Conservative Central Office, 32 Smith Square, London, S.W.1. 25p.

Strikers' benefits defended

A DEMAND that the Government should stop paying supplementary benefit to the families of strikers was firmly rejected in the Commons yesterday by Mr. Stanley Orme, Minister for Social Security. He said that for the 11 months up to November 1978, £3.1m had been paid out in such benefits.

Mr. Michael Brotherton (C. Louth), described this as a gross waste of public money. But Mr. Orme argued that it was not right that families should suffer.

MOORS MOVE: Exemption from Capital Transfer Tax is likely to be granted to owners of land on Exmoor which is covered by a moorland conservation order, Mr. Denis Howell, Environment Minister, said.

CREDIT UNIONS: A Bill legislating for credit unions was published yesterday. Its provisions are virtually the same as the draft Bill published in July last year, which followed closely the provision of existing Northern Ireland legislation on credit unions.

PENSION PROMISE: The Government remained committed to introducing legislation to give recognised trade unions the right to nominate up to 50 per cent of the trustees of a body managing an occupational pension scheme, said Mr. Stanley Orme, Social Security Minister.

MORE CASH: A £3m increase in the cash limit for industrial and commercial investment in new towns was announced. Mr. Peter Shore, Environment Secretary, said the revised cash limit for the investment would be £62.8m.

New NEB attack

BY OUR LOBBY STAFF

THE CONSERVATIVES believe there may still be a chance of using the Industry Bill to make the National Enterprise Board more accountable to Parliament.

They are to use the committee stage of the Bill, which begins tomorrow, to put down an amendment which would give the Comptroller General access to the Board's books and severely limit the Board's ability to take over lame ducks.

Since the Government is in a majority on the committee, the best the Conservatives can hope for is a tied vote with the help of the Liberals on the committee.

This would mean that the amendment would have to be discussed on the floor of the House at report stage.

At this point the Conservatives hope they would be able to attract the support of those Labour MPs who share the opinion of the all-party public accounts committee that the Comptroller General's power should be increased in relation to the nationalised industries.

During the Bill's second reading, when the Government had a majority of 20, Mr. Eric Varley, the Industry Secretary, said the Government was prepared to carry out a study of the role and function of the Auditor-General, but the assurance did not satisfy the Tories.

They want the NEB to be made much more accountable to Parliament in several areas. Under another amendment laid yesterday, the NEB would have to produce a formal offer document when buying into a company, explaining the terms of the offer and the reasoning behind the deal.

The amendment would also restrict the NEB's ability to buy companies weighed down by heavy debts

Renewable powers?

By Elinor Goodman, Lobby Correspondent

THE Opposition parties may force an amendment tonight to the prices legislation which would mean that the powers of the Price Commission would have to be renewed annually.

The amendment was tabled yesterday by the Scottish Nationalists, and may attract Tory and Liberal support.

This was despite efforts last night by Mr. Roy Hattersley, the Prices Secretary, to get the minority parties to change their minds.

The Government can count, however, on the Scottish Nationalists' support for the main purpose of the Price Commission (Amendment) Bill which is to remove the profit safeguards in the prices legislation.

PM stars in drama over pay

BY PHILIP RAWSTORNE

FRESH FROM the national drama awards, Mr. James Callaghan yesterday made a confidently-staged appearance in the Commons.

The Prime Minister was back in his leading role—producer-director, actor-manager, and scene-shifter.

A Government one-man band whose performance, he sighed, deserved a more receptive audience than the querulous rows of Tories.

But Mr. Callaghan shrugged aside the bouquet of sympathy proffered for his "impossible task" of trying to please all the critics.

Viewed with a little historical perspective, the Government's production problems looked far from intractable. "A great belief in the British people will enable us to come through," he declared.

Besides, hadn't he commissioned the TUC and various Ministers to rewrite the disastrous act that had been running for the past few weeks?

A whole new scene, Mr. Callaghan promised hopefully—and quickly.

Labour MPs, like Mr. Ron Thomas, who complained of recent hysteria on the television screens and in the newspaper columns, looked suitably impressed.

Even Mr. Evelyn King, a Tory sceptic, was disarmed by the Prime Minister's recognition that the Government's actions must avoid both provocation and political cowardice.

The people would judge the balance of the performance, said Mr. Calaghan.

But didn't the Government's future plans also include a wage freeze? demanded Mrs. Margaret Thatcher, bursting on stage.

If not, exactly what was Mr. William Rodgers' role in suggesting it last weekend? What was he trailing?

The Transport Minister had just been explaining where a free-for-all could sometimes lead, said Mr. Callaghan. "The Government has no intention of introducing a wage freeze; certainly not at this period of the pay round."

Pressed sharply about the Government's programme by the Tory leader, he reiterated that it would rely on determination to keep settlements as close to 5 per cent as possible.

No freeze had ever achieved long-term success, Mr. Callaghan told Mr. David Steel, any more than free collective bargaining had done.

He rejected demands from the Labour Left, as he had from Mrs. Thatcher, to drop the apparently undisciplined Mr. Rodgers from the Government company.

Ministers were entitled to interpret their parts in ways that would lead, instruct, guide and inform the electorate. It was only when others began to re-define a pay norm as the "going rate" that the Government had to set its face against departures from the authorised version.

Mr. John Pardoe, scrutinising the text of the Prime Minister's reply queried the meaning of his phrase about not introducing a wage freeze "at this stage."

When Sir Winston Churchill spoke of fighting on the beaches, no one was pettifogging enough to ask him which beach he had in mind, Mr. Callaghan grumbled.

Quite simply, he had meant that a freeze now would be too late and unfair.

Ennals arranges NHS 'hot line'

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

MR. DAVID ENNALS, the Social Services Secretary, is to hold an urgent meeting with leaders of the National Health Service unions in an attempt to get better safeguards for hospital patients and emergency ambulance cases affected by the strikes.

Announcing this yesterday, he made it clear that problems in the NHS were getting worse as industrial action continued.

To improve matters, a "hot line" had been set up between his department and the National Unions of Public Employees and the Confederation of Health Service Employees.

This was being used to solve problems where patients were endangered by the action of local militants exceeding union instructions.

The unions were also drawing up more detailed guidelines for their members on maintenance of emergency services.

Mr. Ennals told the Commons that the effect of the action on the Health Service was now extremely serious and was causing grave concern.

To ensure the safety and well-being of patients, he would be holding a meeting very soon with Mr. Alan Fisher, general secretary of NUPE, and Mr. Albert Spanswick, general secretary of COHSE.

"I intend to impress upon them the seriousness of the position and the importance of redoubling their efforts to keep industrial action under control," said Mr. Ennals.

In a statement issued later, he said there was particular concern about the supply of clean linen and sterile dressing and equipment. Without these, hospitals could not function.

A strike in laundries and sterile supply units posed a serious threat to the safety of patients.

He had called a meeting with the union leaders because the threat to some patients — particularly the mentally handicapped and very elderly — was now so great.

Between a third and a half of hospitals were now reduced to emergency admissions and the ambulance service was giving only emergency cover over most of the country.

There was also the risk to the health of non-emergency cases, whose treatment was delayed. "Those taking industrial action cannot run away from their responsibility for the consequences."

In the Commons, he came under attack from Dr. Gerald Vaughan, a Conservative health spokesman, who demanded to know how the Government intended to deal with "this appalling situation."

He said that yesterday NUPE had called out all its 483 members at Westminster Hospital and more than 200 hospitals were closed throughout the country.

Mr. Ennals denied that anything like that number was closed. He told other questioners that there were some areas in which voluntary labour could be used. He emphasised that the Government had to be careful that such action did not make matters worse.

Police search row

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE LABOUR chairman of a Commons Committee became the centre of a heated row last night. He had voted in favour of a controversial Tory amendment giving sweeping powers to the police in Scotland.

As a result the amendment—which permits Scottish police to search anyone for an offensive weapon if they have grounds for suspicion—became part of the Criminal Justice (Scotland) Bill.

Mr. Peter Doig (Dundee West) explained that he had made his decisive casting vote on "grounds of conscience" after an eight-eight tie.

There were immediate protests from his Labour colleagues and jubilant cheers from Tories.

Labour MPs objected that Mr. Doig was in breach of the traditional practice which lays down that a chairman should cast his vote to preserve the status quo. This would have involved voting against the amendment.

They later attempted to raise the matter in the Commons but were ruled out of order by Mr. George Thomas, the Speaker.

Mr. Iain Sproat (Con., Aberdeen South) said: "Every law-abiding citizen will be glad of Mr. Doig's decision to put conscience above party. His vote could be the means of saving an innocent life."

The Government will try to remove the amendment when the Bill returns to the Commons but there is now worry about how Mr. Doig will act when the next Conservative amendment comes up for consideration in the standing committee.

This seeks the return of corporal punishment in certain cases in Scotland.

Secrets disservice

BY ELINOR GOODMAN

THE Government has put down amendments to Mr. Clement Freud's Official Information Bill which the Bill's sponsors believe are designed to wreck it.

Taken with equally negative amendments tabled by the Conservative front bench, they would emasculate the proposed legislation and, in some sections, actually reverse its meaning.

The Bill, which has the support of backbenchers of all parties, would repeal Section 2 of the Official Secrets Act and establish an automatic right of access to official information.

The Bill's sponsors were encouraged two weeks ago when the Government decided not to oppose it at second reading. But the amendments tabled yesterday show that the Cabinet is by no means converted to the cause of freedom of information.

The general Government strategy seems to be to make the whole scheme voluntary.

One Government amendment would replace the entitlement to obtain information, which is fundamental to the Bill, with a far vaguer right to apply for documents.

Equally contrary to the spirit of the Bill is a Tory amendment which reads: "Insert 'shall not,'" at the beginning of a section which would make old Government documents available to the public.

Since the committee is loaded with supporters of the Bill, the amendments may well not get accepted. But the Government, which has two front bench spokesmen on the committee, may succeed in spinning out the committee proceedings to such an extent that the Bill gets lost.

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● PROCESSES

Keeps food cool with economy

ENTIRELY NEW an economical approach to refrigeration for multi-drop vehicles has been launched by BOC.

The Transcool system can be controlled either manually, or automatically, and makes effective use of liquid nitrogen. It has already been adopted by a major national food transporter, TFC Food, Hull, a subsidiary of United Biscuits, and is on trial with several of the biggest names in the food industry.

Traditional refrigeration systems, such as eutectic plates and vapour compression units, cannot cope with the rise in product temperature caused by frequent door openings. This inevitably leads to deterioration—possibly harmful—in the product and occasional wastage, particularly on hot days and with low temperature products.

Conventional liquid nitrogen systems—such as BOC's own Polarstream—prove uneconomic for multi-drop as they are designed for trunking runs and will bring down product as well as air temperature.

With Transcool, short injections of liquid nitrogen at −196 degrees C keep the air temperature down. Because of the speed and intensity of the application of cold, rises in product temperature are kept to a minimum and acceptable amount.

There is a choice of automatic or manual modes. The first, Econocool, has a thermostat, switching nitrogen on at a pre-determined air temperature, which is anything between 1 degree C and 10 degrees C above the cut temperature, depending on the required stringency. With the manual system, a driver presses a button in his cab giving a timed burst (between one and five minutes), when required—normally after a drop.

Manual systems are particularly attractive if running costs are to be kept to a minimum, and where goods at mixed temperatures are transported in one vehicle. An automatic system is recommended when quality control is of the utmost concern, or when goods susceptible to temperature change, such as ice-cream, are carried.

The advantage of using nitrogen is that it forms a protective blanket of low thermal conductivity gas around the product insulating it from heat from the vehicle body or the outside air. Traditional mechanical systems blast cold air over the product, but when the doors are open, warm air is circulated, warming the product up.

A "night mode" is incorporated in Transcool, injecting nitrogen automatically when the vehicle is laid up loaded, either on a time or thermostat basis. The 75 or 150 litre liquid nitrogen container can be positioned either in the vehicle, or under it.

BOC, Hammersmith House, London W6 9DX. 01-748 2020.

● METALWORKING

Ingots get smooth skins

MOULD FLUX capable of greatly reducing surface and sub-surface defects in top-poured steel ingots has been introduced by Foseco Steelmills International.

Stelorit 346 has been extensively tested at a major Canadian steelworks, where it has reduced the average defect occurrence on direct-teemed 10 to 25 tonne automotive and pipe-grade ingots to 3.9 per cent. Previously, ingots cast without the flux exhibited a defect occurrence of 26.5 per cent. As a result, Stelorit 346 has led directly to considerable savings in ingot conditioning, and to improved quality and higher yields.

Powder material with a low melting point, Stelorit 346 is applied to the mould before and during teeming at a rate averaging 1.5 kg per ingot tonne. A molten flux forms when the molten steel contacts the product. This flux layer on the surface prevents oxidation of the steel exposed to the atmosphere, minimises stresses by ensuring even cooling, and absorbs oxides, deoxidation products and other non-metallic matter.

Trials have shown that oxide inclusions can be reduced by up to 40 per cent, cracks and tears by 75 per cent, and scaling by 83 per cent.

Foseco Steelmills International, Long Acre, Nechells, Birmingham, B7 5JR. 021-327 1911.

● IN THE OFFICE

Scientifics pack a punch

CASIO'S RANGE of scientific calculators is extended by two new models, FX-2500 and FX-3100. Both have liquid crystal displays for long battery life.

FX-2500 has eight digits capacity (or six plus two in the exponent) and 32 key-operated scientific functions including standard deviations and two levels of parentheses.

FX-3100 adds another couple of digits for extra precision (making ten or eight-plus-two) and a further 11 scientific functions which include hyperbolics, rectangular-polar co-ordinate conversion, permutations and combinations.

Unusually for a scientific calculator, FX-3100 also has a multi-function per cent key which can give additions, discounts and increase/decrease values as well as ordinary percentage figures.

Battery life is at least 1,500 hours continuous use for FX-3100 from a pair of G-13 silver oxide cells.

Casio Electronics, Scrutton Street, London EC2A 4TY. 01-377 9087.

● HANDLING

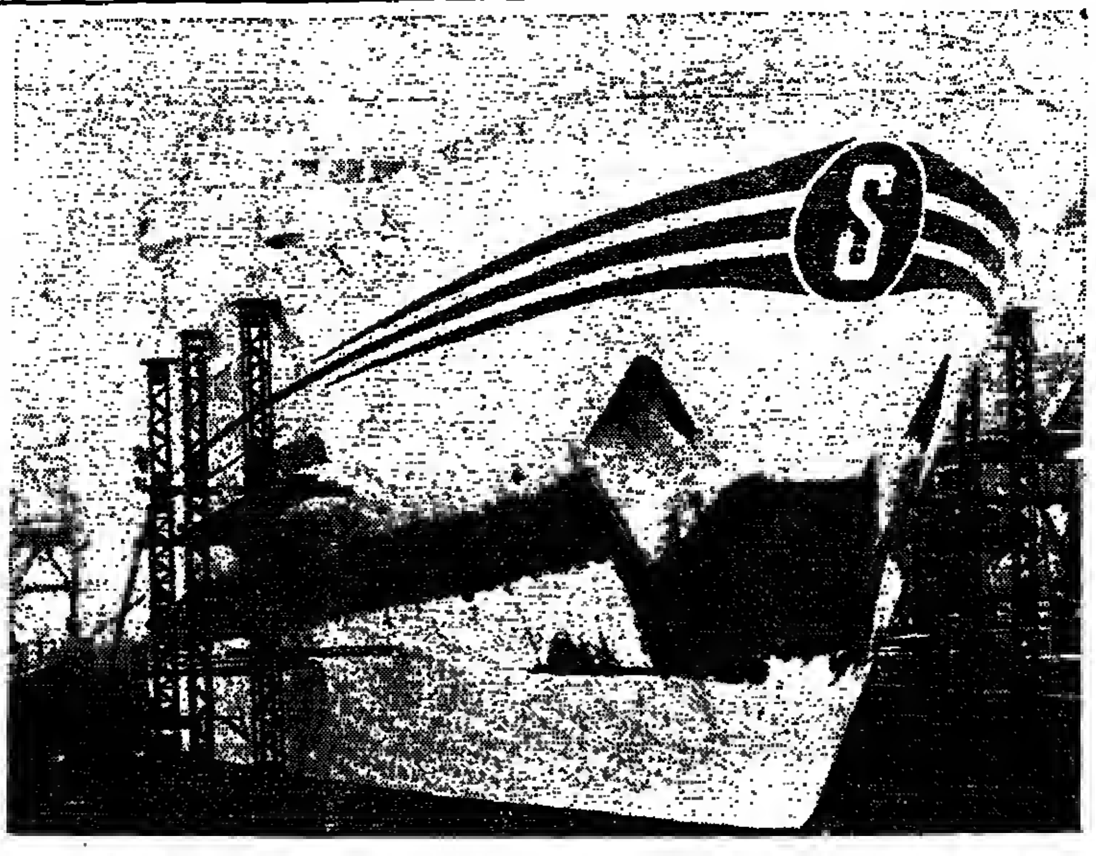
Lifts cars from ramp

PARTICULARLY useful where space is at a premium, is a free-standing, portable, hydraulic vehicle lift which is made in Spain and marketed in the UK by Gray-Campling, Magnalux Works, Southcote Road, Bournemouth.

The lifting platform is wholly contained within the area of the ramp on which a vehicle is driven. Lifting jacks adjust to take varying dimensions and, when on the platform, the vehicle's wheels are all clear — the doors and boot can be easily opened and there is no obstruction or restricted area of work.

Only 1,750 mm wide, the lift is up to a third narrower than that of conventional designs, and it can function in place of an inspection kit, in or outside a garage, as required.

Applications are suggested for use in body repairs, body-sealing and paint spraying, vehicle maintenance, the replacement of exhaust systems and inspection of the underside of cars. It can also be used in engineering work for lifting large items during manufacture.



For the first time in a British shipyard, a vessel has been successfully cut in two horizontally. The top section of the sliced vessel (the Ro-Ro 8,900 tonnes Swedish ferry Stena Oceanica) involving approximately 2,800 tons of steel, was then lifted nearly 4 ft by means of 120 hydraulic jacks so that an additional centre section could be fitted. The yard which carried out this technically difficult job is the Middle Docks and Engineering Co., part of British Shipbuilders' Tyne Shiprepair Group. The contract was worth in the region of £1m. Conversion is being undertaken so that the car deck can carry one row of cars on bolstable "racks" above a row of trailer vehicles. The section lifted on the hydraulic jacks measured 320 ft long, 69 ft wide and 41 ft high. The 30 tonne jacks and associated hydraulics were supplied by Enerpac of Newhaven, Sussex.

● SAFETY

First guide for the toy makers

BSI has published the first British Standard for the safety of children's toys—timely in view of the many recent scares.

The Institution's previous code contained general recommendations, recognised by most toy manufacturers, but the new standard goes into detail never tackled before. Mechanical properties of all kinds of playthings are considered, and attention is given to many possibly flammable items, from wigs to wigwams.

The British toy has a reputation for safety throughout the world. This more advanced standard represents the practical concern of manufacturers and their customers that a caring attitude toward possible hazards should always be evident in this industry. It is expected that most toy retailers will demand that their suppliers comply with the requirements.

Two parts of the standard, BS 5665 Safety of toys, are published. They are Part 1 Mechanical and physical properties and Part 2 Flammability of toys. The foreword points out that most toys are designed and manufactured with particular categories of children in mind, assuming certain aptitudes for each group. BS 5665 does not release parents or teachers from their responsibility to ensure that a toy stays in the hands of the child for which it was intended and is not otherwise misused.

The standard is not a nursemaid, nor is it a watchdog; its function is to provide a body of information on the safety aspects of products, backed up by reproducible test criteria.

BSI, 2 Park Street, London, W1A 2BS. 01-629-9000.

● COMPONENTS

Power supply given longer life

MODULAR POWER of Waltham Abbey, Essex, has introduced the 800 Series of modular encapsulated secondary switching power supplies that provide high reliability and longer life.

These benefits are achieved because the unit dissipates less power than series-pass types and, as a result, its internal temperature rise is lower. Since 800 Series dissipates less heat, components inside the internal power supply remain cooler — enhancing reliability and life.

Higher output power becomes possible. Normally 10 watts is the practical limit for modular encapsulated series-pass type power supplies, but 20 watts is available as standard on the 800 — and still with lower temperature rises.

In applications such as high-speed logic circuits where noise is a consideration, the 800 Series offers advantages over both primary line switching supplies and series-pass supplies. Because the input stage has a conventional low-frequency transformer with bridge and capacitors, the inherent low pass filtering of the input stage prevents switching noise being conducted back on to the mains lines.

The 800 Series runs off the mains and provides dual as well as single outputs at five, 12, 15 and 24 volts.

Modular Power, 28, Sun Street, Waltham Abbey. 0992 711922.

● POLLUTION

Cleans up fluids

USING AN electrolytic cell device offered by Ecological Engineering, Hulley Road, Macclesfield, Cheshire SK10 2NB (0625 26238), process liquors and effluents containing 100 to 150 parts per million (ppm) of metal in solution can be rendered sufficiently metal-free for discharge to a public sewer or for re-use.

The system, which can reduce the metal concentration to one ppm from an already low level of 100 ppm, can be used in conjunction with the company's existing units designed for dealing with higher concentrations.

Input liquor is pumped upwards through the vertical tubular device which employs a rotating cylinder electrode within a membrane cell. In each of a series of compartments, up to half of the metal in the liquid is removed and deposited on the electrode in metallic form. The metal is recovered at intervals from the cell.

Known as the Eco-Cascade Cell, the device occupies very little floor space and is supplied in four standard sizes consuming 100, 250, 500 or 1,00 amps.

Treatment of waste

CHEMICAL waste from a new lead-acid battery factory is being treated by plant from Davenport Engineering to bring it into line with strict Department of Environment standards for discharge to the local authority sewer. Tha plant, installed at Chloride Industrial Batteries' new factory, near Bolton, also recovers lead from the waste.

Before obtaining the contract, Davenport first submitted detailed reports containing results of a number of surveys carried out in an existing Chloride factory, followed by the design of a comprehensive effluent treatment system with recommendations to aid water conservation.

The effluent from the factory operation contains lead oxides, lead hydroxide, lead sulphates and sulphuric acid. The bulk of the insoluble lead compounds is removed in the first of two settlement tanks. The liquor is then made alkaline with metered quantities of lime to neutralise the sulphuric acid, precipitate the small quantities of lead compounds from solution and coagulate all the solids.

Addition of a polyelectrolyte then promotes flocculation of the solids which are removed in the second settlement tank, the supernatant liquid being discharged to the sewer.

Sludge from the first settlement tank is pumped to a holding tank to await water removal by a vacuum pressure filter, housed with the control instrumentation in an adjacent building. The de-watered sludge, with its high lead content, is sold for re-smelting. Sludge from the second settlement tank is de-watered similarly, but its low lead content means that recovery is not economic and the material is tipped.

Davenport, 72 Harris Street, Bradford 1, West Yorkshire. 0274 29361.

● COMMUNICATIONS

Letters go in two hours

BELIEVED to be the world's first completely-electronic mail service, offering delivery within minutes, rather than days, is due to begin between Toronto and Montreal next month.

Called Fascan, it guarantees transmission within two hours at the ordinary rate—98 Canadian cents (41p) a page for a standard-size letter.

Its express service, which delivers items within 15 minutes, will cost 1.35 dollars (about 57p) a page while overnight delivery is 70 cents (29½p) a page.

The system's operators, Bell Canada and Ivor Kaye and Associates, Toronto, say agents in shopping plazas and offices will handle requests for many customers. It is hoped to extend the service soon to Vancouver, Calgary and Ottawa.

Firms that become frequent users can rent terminals for $50 or less a month, or buy the terminal unit for about $1,500 (about £630).

Further details from Canadian High Commission, 01-629 9492.

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

Starting production abroad

Going International — the Experience of Small Companies Overseas: Gerald Newbold, Peter Buckley and Jane Thurwell; Associated Business Press; London £10

"IF MEN could learn from history what lessons it could teach us" — essentially that is the promise of this book which, by drawing upon the collected experience of some 43 companies which recently set up their first overseas production subsidiaries, aims to provide some guidelines for determining the cause of success and failure on first going international.

The first lesson the study draws is that, in line with the fashionable realisation that small companies can and do make a valuable contribution to the nation's wealth, size is no barrier to setting up production overseas. Ten of the 43 companies had consolidated sales of £2m or less, and fewer than 100 employees. In many cases the subsidiary was even more modest in size and still prospered or survived in overseas markets.

Before considering an overseas venture, however, the authors warn that companies need to realise it is a higher venture than a home-based operation because of the lower level of knowledge about the political, economic, legal and social environment of a foreign country and the difficulties of managing from a distance of hundreds or even thousands of miles. To compensate, the authors say that companies should aim to achieve a higher level of profitability than is the case in their UK-based operations.

Indeed, the survey found that there was a strong connection between the route to setting up overseas and the level of success achieved. The best results generally went to those which took the longer route (direct exports, then a foreign agent, later an overseas sales subsidiary and lastly a production subsidiary) because of the knowledge gained at each step.

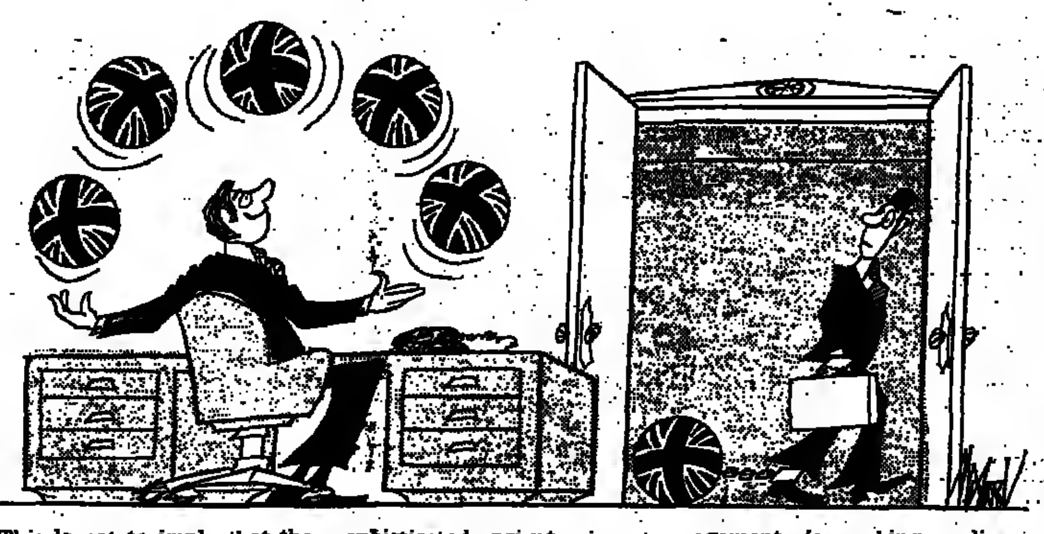
Richard Cowper

Britain: a Utopia for entrepreneurs?

BY JOHN DE BRUYNE

Does Britain do enough to encourage entrepreneurs? The most frequent answer to this question is a resounding "No." On December 29, David Cooksey, managing director of Intercobra, a plastics manufacturer, argued on this page that, despite its series of small business incentives, the government habitually hamstrings entrepreneurs.

John de Bruyne, managing director of Gordon-Keeble, which makes and markets medical laboratory products, maintains that the contrary is the case and that Britain is a haven for entrepreneurs. In the past four years he has established a rapidly-expanding company that now exports 60 per cent of its products, including sales through its U.S. associate, Gordon-Keeble Inc.



DAVID COOKSEY'S article suggesting that the entrepreneur is hamstrung by government, expresses such a widely accepted belief that it sounds heretical to suggest that, in fact, Britain is probably the best country in the world in which to start a new entrepreneurial business.

As an entrepreneur I feel guilty in breaking ranks but I am convinced by the facts of our own experience. Let me quote Mr. Cooksey:

". . . the people that I employ have moved on my balance sheet from assets to liabilities"

The Employment Protection Act may marginally discourage the entrepreneur from taking on extra labour but this ignores Britain's unique advantage of comparatively low wage rates. Here a highly skilled team can be assembled for a fraction of what it would cost in most of the rest of Europe or the U.S. In fact if the entrepreneur has had the good sense to establish his business in Britain his company is automatically guaranteed competitive prices.

"Who wants to invest in a high risk business if the Government is going to grab 98 per cent of the reward?"

A seemingly invontrovertible rhetorical question, until we remember that the entrepreneur, private investor or institution, only invests in a "high risk business" for capital gains and not dividend income. In Britain the Government will grab 30 per cent of capital gains and only does so after allowing a host of mitigating deductions. Britain is not a heavily taxed country since the crucial percentage of GNP taken in taxation is similar to that taken by our major competitors. Our politicians have made the serious error of taxing earned income too highly and other "indirect" sources too lightly. Let us, by all means, lobby to correct the imbalance but we should not suggest that our present system discourages entrepreneurs. It positively encourages them . . .

The entrepreneur can adjust his salary to suit his circumstances and is content to draw less than his salaried neighbours since he has his eye on the eventual capital gains. Even so, it is surely not necessary to catalogue all the comfortable arrangements that we entrepreneurs make to augment our modest salary.

Are there two cars in the entrepreneur's driveway? Does his wife appear on the payroll earning the maximum married woman's allowance as a nostalgic reminder of all the hard work she did in the early days? Does he have an expertly drawn-up and tax free director's insurance policy to add to the expected capital sum from the eventual sale of the business. Has he ever taken a much needed holiday in conjunction with a deductible business trip? etc. etc.

This is not to imply that the entrepreneur is, by nature, a cheat, but that it is possible to enjoy a reasonable standard of living while building up a business in Britain. When I compare my own life style with that of similar entrepreneurs in Europe and the U.S., I cannot make myself feel envious.

"The small investor no longer exists as a source of external equity or loan funds for the small company."

No one in their senses makes a straight unsecured loan to any small company unless it is a part of the price for being allowed to buy equity. It would be interesting to learn the evidence for the assertion that the small investor no longer exists since we have seen the creation of more self-made men since the war than in comparable previous periods.

The government could give some help, however, by following the U.S. "sub chapter S" provisions and allowing any losses incurred to be offset against the investor's personal taxation.

"Put investment in manufacturing companies on an equal footing with investment in the building societies and the pension funds."

Surely we do not want to encourage the general public to gamble their money on new entrepreneurial ventures? The sophisticated private investor and the financial institutions have ample encouragement to do so since £100 invested in a new manufacturing company's plant can yield an immediate tax shelter for that company worth almost £50 in retained earnings, thus enhancing the value of the investment. If Mr. Cooksey knows of a building society offering similar terms I will open a deposit account immediately.

It is true that Britain has an unusually high proportion of her fixed capital stock in domestic houses. This is a tremendous advantage for the entrepreneur since his first source of loan capital will be an overdraft secured on the value of his house. Until British banks become as ready to lend on the security of a balance sheet as their U.S. competitors, the entrepreneur will continue to bless the ever-rising value of his house.

"The term company ought to refer to a group of people working together. Those people work to create wealth and a better life for themselves."

This presents a cosy picture but in reality people don't just work together in this harmonious way. It requires an entrepreneur to assemble his hunting pack, who depend on him for leadership. Good management is making ordinary people do extraordinary things. Any small company contains a degree of inbuilt conflict and contradiction since the entrepreneur and the employees will not always have congruent interests. The successful entrepreneur can face up to these tensions and harness them productively.

"The entrepreneur in these countries (that is, not in Britain) finds it easier to get started (and) he is forgiven more readily for failure."

It is probably true that personal and/or corporate bankruptcy is viewed more lightly in the U.S. (This is not true for Europe or Japan.) In England it is regarded, by those who have never had to meet a wage bill, as a moral weakness that requires the failed entrepreneur to resign from his club and generally act penitentially. Although the U.S. business climate is more forgiving it is much less trusting and every single business contract must be consummated with the expensive assisance of teams of lawyers. If anything should go wrong, or can be made to look as though it has gone wrong, the entrepreneur will find himself being sued for enormous damages. It is a matter of opinion which society is more conducive for new business ventures.

". . . you will devote a large proportion of your administrative effort to filling in forms, while the one thing you want to do is to get on with running your own business."

According to the financial Press, we small businessmen are all supposed to be wilting under a colossal pile of Government forms. Where did this myth originate? I am not aware of any small businessman who spends any measurable percentage of his or her time filling in these infamous forms, let alone "a large proportion."

The revolution in data processing now allows even a small retailing operation to automate its financial reporting systems for less than the cost of one teenage clerk. The dreaded VAT report is produced in our small company as a painless by-product of our computerised system. The VAT liability builds up into a useful little interest-free loan since we receive it on settlement of invoice and only hand it over to the Government at the end of every quarter. My company would be sorry to lose it.

"I am convinced that the whole mishmash of Government interference should be dismantled."

It is difficult to conduct a controlled experiment to see if industry would be galvanised into action if all subsidies were removed and corporation tax consequently reduced. (One problem is that few companies are paying much corporation tax owing to stock appreciation relief.)

Surely we have to transfer some resources to the depressed regions, since it would not be good for business to have London besieged by Celtic hunger marchers. Similarly, we all enjoy seeing the NEB make disastrous investments in the pathetic remains of the British clock industry but even the few U.S. venture capital funds that have survived the last bear market only reckon on making one outstanding investment among 20, ad they are not called upon to take on Alfred Herbert or BL.

"Ease the burdens of capital gains tax and capital transfer tax."

It is not possible to deal with such a generalised prescription until we apply some numbers to it. Do we want to halve the tax or eliminate it altogether?

In the past, business assets could be passed from one generation to another by discretionary trusts but it is difficult to claim that this system was outstandingly successful in generating extra investment in manufacturing business. Although there are heartening examples of the second and third generations energetically building up the family business with the spectacular success of two or three stage rockets there are many more cautionary examples of the entrepreneur's children devoting their sad, aimless and often short, lives to spending their father's money. Clogs to clogs in three generations.

The reason for our shortage of entrepreneurs and the often poor quality of those we do have lies in our culture and in particular in our educational system. British independent schools still turn out conformist and non-competitive students who go into the professions, the civil service, insurance or banking. The state schools and the universities are often hostile to business.

My public school contemporaries are not busy building up small businesses and I often feel that my educational background is a handicap when I am trying to manoeuvre a truck to the head of a queue in a strongly unionised depot in order to make the next cross-Channel ferry. Still, I should not complain, since the shortage of entrepreneurs leaves the field open for the rest of us.

The Government is not hamstringing the entrepreneur. The recipe for success is the same in Britain as everywhere else. Simply ensure that your product can meet or exceed the best international standards of design quality and style and then move heaven and earth to honour your delivery dates.

BUSINESS PROBLEM

BY OUR LEGAL STAFF

Taxing gains on futures

How are gains on "commodity futures" taxed? Is the tax calculated on the net gain (gain less loss)? Where on the tax return form are the transactions reported and in what form are they reported? Is it correct that any gain is not construed as earnings for the payment of state retirement pension?

You appear to be out of your depth, and we urge you to consider seeking professional guidance through the pitfalls of the income tax and capital gains tax maze. Selfhelp may well prove a false economy.

It appears quite likely that your activities constitute an sdventure in the nature of trade, but the tax inspector may argue against this if you submit an income-tax loss relief claim, under section 168 of the Income and Corporation Taxes Act 1970. Under capital gains tax rules, the losses and gains may well be quite different from the figures produced under the income tax rules (schedule D case I), but we cannot say much more on the bare facts given.

Profitable speculation might result in pension clawback (as explained briefly in DHSS leaflet NI15), but this seems unlikely to be a problem in practice.

If you consider that your activities constitute an adventure in the nature of trade, you should enter your profit or loss (calculated on income-tax principles) in the trading profits section of your tax return. On the other hand, if you consider that you have not engaged in trading activities, you should enter the gains and losses (calculated on capital gains tax principles) in the capital gains section of your return.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Credit guarantee plan

AN ALMOST perpetual *cri de couer* from the small firms sector is the problem it has in raising finance. And just to confirm this a pressure group, The Forum of Private Business, asked its members if they had ever been prevented from borrowing money to expand their businesses through the inability to provide collateral.

Of the 600 businesses who replied just over 26 per cent said that indeed they had been unable to borrow — this represents 40 per cent of those who had actually applied.

The answer is a credit guarantee scheme, says Forum, along with many others.

And it rebukes the government for failing to follow up any of these proposals—including the Roll committee suggestion of a pilot scheme.

To show that such a scheme is viable, Forum has drawn up its own plans for a Credit Guarantee Corporation which it believes should be privately financed by the London and Scottish clearing banks, but with possible government support and participation.

The plan is strictly for the small company. It would provide a guarantee on 60 per cent of a loan, up to a maximum commitment of £24,000 — i.e., on a loan of £40,000.

By charging 4½ per cent on the guaranteed part of the loan, Forum believes the operation could show a healthy return for the backers. The cost to the borrower would not be quite so swingeing as it sounds as it hopes the banks would reduce their interest charges by about 2 per cent for guaranteed loans.

Forum believes the credit guarantee scheme should be run on a regional basis to keep overheads and travel costs to a minimum. It also believes that these would only need the barest of staffing levels, manager, assistant manager and secretary, on the grounds that local bank managers are not going to recommend propositions irresponsibly because their own bank would be at risk.

LOMBARD

It is a matter of attitude

BY COLIN JONES

LOCAL AUTHORITIES are responsible for between a quarter and a third of public expenditure. They employ over half the manpower engaged in central and local government. Yet their activities are the least open of any in the public sector to the direct control of Ministers. Every local council is free to call upon its ratepayers to finance not merely additional revenue expenditure but even a pet capital project.

This needs to be borne in mind when considering the options facing the Government — before and after the election. Even if the assumptions underlying the latest public expenditure proposals had not been overtaken by events, the figures in the White Paper would have indicated the need for spending cuts or higher taxation.

Local councils responded to the calls for restraint in 1975 and 1976. True, the brunt of the cut-backs fell on capital spending, where Whitehall's influence is stronger and where retrenchment was easier to achieve, while cash limits on the rate support grant helped to halt the growth of revenue spending. But the signals are no longer flashing red. Spending is now increasing again and next year's provision assumes a faster recovery at local than at national level.

Assumption

We may thus soon have an answer to the question which has been increasingly bothering some senior Whitehall officials — namely, whether local authorities will be as ready to respond to appeals for restraint once they believe the crisis is over? This question could be especially pertinent if the Conservatives are returned to power at the election. If the past pattern of local elections is any guide, it may not be long before they found themselves dealing with a majority of Labour-controlled councils.

What is needed is not just a mechanism whereby, as with private spending, falling incomes and rising costs reduce the growth of expenditure when economic circumstances are unfavourable. Attitudes to *spending itself* also have to change. The share of GNP absorbed by local councils doubled from 9 per cent to 18 per cent between the mid-'50s and mid-'70s. It may have since dropped back a notch or two but it *remains* high *enough* to call into question the deeply ingrained assumption of rapid and almost continuous growth. From now on any growth will, at *the most*, have *to* be *limited* to that of the national economy.

The fundamental re-thinking this prospect calls for goes a great deal further than the *trimming of* proposed expansions: it means overhauling the way local councils set about their task. Attention needs to be switched from what goes into local government in terms of levels of provision, numbers of staff, and so on, to what comes out in terms of achievement of objectives, impact upon local problems, and cost effectiveness. Priorities will have to be re-assessed to see what resources can be spared for more urgent needs by cutting down the provisions elsewhere.

Tradition

The Government itself needs to adapt to the change in circumstances. Local councils which have tried to re-appraise their objectives on these lines find their efforts are frustrated by sudden changes in grant share or by equally unpredictable changes in the Government's spending guidelines. The annual public expenditure White Papers are supposed to give guidance over the medium run. But the figures were repeatedly revised upwards in the early 70s and then repeatedly cut back in the mid-70s. Now they are being revised up again when the probability—nay, the certainty—is that they will once more have to be reduced.

Logic would suggest that the Government should fix the total level of local spending—and that it should do so on cautious lines so as to guard against changes in national fortune—while leaving the detailed allocation to *local* councils. But *this* would run directly counter to the tradition of autonomy in local rate-making. In any case it is doubtful whether Ministers would in practice be willing to surrender their interest in matters of detail—as experience of the attempt to give more local discretion in transport and housing budgets has shown. *Radical* changes will, however, be unavoidable if the measures which induced restraint in 1975-77 prove to be no longer effective.

Of marigolds, freaks and cherry pie

GARDENS TODAY

BY ROBIN LANE FOX

FOLLOWING on last week's strategy for seeds, I hope to persuade you to try some unfamiliar varieties during *this* year. By the time the nurserymen have sent them, you will be nearly ready to sow most of them indoors, beginning in mid-March at the earliest. Of course you could just grow the same old Marietta marigolds, but there are other, better things.

One, from your response, is clearly the Mexican marigold, or *tagetes minuta*. Mentioning this as a cure for couch grass and ground-elder, I gave the impression to some of you that it is a small plant. This is quite wrong. The "minute" feature of this marigold is the flower, but the plant, when well grown, will soar up to a height of several feet. You have all been quoting evidence of six-feet-high "minute" marigolds. Perhaps, like the hollyhocks, you feed them on alcohol.

More important, one reader has come up with a source of seed, the redoubtable Lawrence D. Hills's centre of organic gardening. Among its crops of comfrey and campaigns against bonfires, his "Henry Doubleday Research" institute, of Convent Lane, Bocking, Braintree, Essex, sells Mexican marigold seed to members. For £5 you can join the circles of organic gardeners and enter a world of endless energy, exhausting ideas and all manner of vigorous polemic. The marigolds, meanwhile, will drive out your couch-grass.

Another seed whose source causes trouble is the splendid house-plant *humea*. This is the old incense plant of Victorian halls and conservatories. Those who have seen it are always wanting it. Grown in a four-inch pot, it sends up a spire of reddish-brown flowers to a height of three feet or so and scents a room with incense, especially if you brush against it.

The seeds are not the best of germinators: you must keep them up at a temperature of 65F or so. If you have a propagating box or any simple system which warms soil from below, the scarce seed of the humea will be pleased to start off in it. I have a very soft spot for this unusual plant, so soft, indeed, that I'll tell you where to find it. Thomas Butcher, of Shirley, Croydon, Surrey, can still sell you seed. It is only a half-hardy annual, a pot-plant for one year, then nothing more. So save your own seed if you can after the first flowering, in case it ever goes off the market.

Thomas Butcher has also been the loyal supplier of the fashionable *melianthus*. This half-hardy foliage plant has had a good press in the past decade and gardeners are always asking for it. The attractions are the sea-green leaves, finely cut. You can grow this, too, in a pot, as in old conservatories. *If you* keep it away from frost, it will persist and produce a greenish-cream head of flower. The seeds are most erratic, so do not blame the suppliers.

It is a very useful plant, going well with anything. Connoisseurs are keen on it, along with humea and Mexican marigold. *Now, I hope, they can* find all three for themselves.

What, though, of those who like colour? Suppose that unlike me, you only have a *window-box*. *Myself, I doubt if* there has ever been anything better than the easy nasturtium which trails, too, over the edges. But in saying that, I overlook the sweet pea. So far, the smaller sweet peas for bedding have all been too tall. The newish jet set mixture sprawls to a height or length of three feet. Knee-high lives up to its name. Bijou was a step in the right direction, but still a little too tall for a window-box. As a bedding plant it is well worth a try.

Hursts, of Witham, Essex however, are now listing a range called patio mixed which promises to fit the bill. These *sweet* peas are as easy and early as bijou, but larger-flowered. They deserve a run on the window-sill in every city from here to the true Mediterranean *climate*. Remember that sweet peas are greedier, even, than most of us. So feed them with liquid manure once weekly. Never check them in their rapid *growth* and never keep them short of water.

An epitaph, in passing, for the poor old antirrhinum. Please, breeders, leave the snapdragon alone. You have given us the monstrous multi-butterfly hyacinth flowered hybrids. This year we have the double-flowered monstrous multi-butterfly and a tubular fright called wedding bell. Plain old rust-resistant crimson needed no improvement. Do not fall for these new freaks.

A hybrid abutilon, I have long thought, would be much more interesting. It is a doubtful point whether my six foot high shrub abutilon is tolerating old-fashioned British frost. If it goes, it can at least be quickly replaced. These soft shrubs grow amazingly fast. Their saucer-shaped flowers of violet-blue make them one of my first choice for any sheltered garden or Mediterranean sun-spot.

Could not this speed be harnessed to an "annual" form for bedding? Thompson and Morgan of Ipswich are offering a new bella series which may fill the gap. This sounds a must. It flowers within four months of sowing at a height of 4 ft. The rounded mallow-like flowers open from buds furled like a shuttlecock. You may know a form with a spotted leaf, beloved of park gardeners who prize it for a "tropical" touch, as if Manchester's flower-beds could stand an exotic visitor. One of the troubles with this old hot-house form was the angle at which the flowers slanted. The bella series meets you face on.

The colours vary, but only from darkish red through yellow to white. Grow enough, then to replace the washy colours. I referred last week to the raising of a few bedding plants in pots in order to bridge the early June gap. Sown in February in a warm house and potted on until May, these new abutilons look just right for the job — they are quick, thick and bright.

What, too, about a new swan river daisy? I bet that you never grew the old one. To me, the washy violet-blue daisies of this old thing called brachycome were nearly excellent. They flowered freely and opened out best in a hot *summer*, like other South African annuals. They looked their best in Continental parks, but the colour was too feeble. Thompson and Morgan now offer *one called* purple splendour which looks to be the answer. It is a good inky purple and flowers prolifically for many months if you dead-head it. Just *the thing for a sunny* roof-garden among the bikinis.

Lastly, for this week, the cherry pie. This glorious plant, my favourite, has disappointed some readers. I gallop off in praise of its scent, powder or chocolate rolled into one. I urge you to grow it in pots, place it near sunny windows or on any terrace where you sit. Six months later, I meet the grudging readers. Interesting idea, you tell me, but it was never much good when we tried it. The colour was so boring. Not if you hunt out the right one. You must buy a form whose colour is so deep that the ribbed leaves, too, are flushed with a dark tone. The dark ones have the exotic scent, not the miserable pale lilacs which grow among lemon-drop marigolds all over France. Hursts of Witham, will sell you the right one, monarch royal marine. Mixed packets are no good. Go only for the best and bury your noses in it next summer. Nobody, I hope, will complain that it has let them down.

Racing colleagues mourn passing of 'Weary Willie'

RACING

BY DOMINIC WIGAN

THERE HAS been no sadder piece of racing news recently than the announcement that Bill Williamson died at the weekend in Melbourne aged 56.

One of the most popular riders from overseas to make his mark in Britain since the war, Williamson — "Weary Willie" or simply "Weary" to his friends and admirers — achieved several notable triumphs but never quite received the acclaim accorded to those three outstanding European jockeys of the 1960s, Scobie Breasley, Lester Piggott and Yves Saint-Martin.

Nevertheless, there seems no doubt in the minds of his colleagues from that time — both trainers and jockeys — that Williamson was without peer as a jockey for the big occasion and a man whose lethargic and dispassionate expression concealed shrewdness coupled with the calm and modesty of some one with nothing to prove.

Epsom trainer, John Benstead, for whom Williamson rode for many years, gave me a fine example of his qualities when recalling the Australian's handling of a two-year-old on one occasion.

"I decided to run a two-year-old Tamermarc at Newmarket and telephoned Weary to ask him if he could take the mount.

"I told him the colt was a nervous sort and had been left at the tapes on his only previous start. It was tipping down with rain at Newmarket and I noticed that Weary was the only jockey to come out to the paddock wearing silks instead of mackintosh breeches. Weary pointed out that the noise of rain beating down on the mackintosh breeches sometimes worried a nervous animal and he had thought it better to wear silks."

Tamermarc got off on level terms and although not successful went on to win several races as a three-year-old.

Perhaps the last word is best left to Scobie Breasley, who summed up the news of his friend's premature death with a simple tribute containing all that Williamson would have wished: "A really fine fellow and a great jockey—what more can one say?"

Hospital appeal raises £1.1m

DERBY and Burton-on-Trent were said yesterday to have achieved a record in hospital appeals.

Residents and medical consultants have raised £1.1m in 12 months towards the £14m cost of the East Midlands private clinic at Littleover Derby.

TV/Radio

BBC 1

† Indicates programme in black and white

9.38 am For Schools and Colleges. 10.45 You and Me. 11.00 For Schools, Colleges. 12.45 pm News. 1.00 Pebble Mill. 1.45 Fingerbobs. 2.01 For Schools, Colleges. 3.00 Delia Smith's Cookery Course. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Touché Turtle. 4.25 Jackanory. 4.40 Take Hart. 5.00 John Craven's Newsround. 5.05 The Strange Affair of Adelaide Harris.

5.40 News.
5.55 Nationwide (London and South-East only).
6.20 Nationwide.
6.45 Noel Edmonds' Lucky Numbers.
7.35 Morecambe and Wise at the BBC.
8.05 The Aphrodite Inheritance.
9.00 Party Political Broadcast by the Liberal Party.
9.10 News.
9.35 Sportsnight.
10.55 Tonight.
11.35 Weather/Regional News.

All Regions as BBC-1 except at the following times:—

Scotland—11.00-11.20 am and 2.18-2.38 pm For Schools. 5.55-6.20 Reporting Scotland. 9.00-9.10 Party Political Broadcast by the Scottish Liberal Party. 11.35 News and Weather for Scotland.

Wales—2.18-2.38 pm Y Ysgolion. 5.05 Bilidowcar. 5.35-5.40 Crystal Tipps. 5.55-6.20 Wales Today. 6.45-7.35 Heddiw. 11.35 News and Weather for Wales.

Northern Ireland—3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 11.35 News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth).

BBC 2

10.20 am Gharbar.
10.45 Parosi.
11.00 Play School.
2.33 pm News on 2 Headlines.
†5.40 Charlie Chaplin in "The Pawnshop."
6.10 Bird Holiday.
6.20 Cricket: Fifth Test: Australia v England (highlights).
6.50 Top Table.
7.40 Mid-Evening News.
7.50 The World of Rugby.
8.15 The Money Programme in America.
9.00 Party Political Broadcast. As BBC-1.
9.10 M*A*S*H.
9.35 Rebecca.
10.25 The Inner Book of Records.
10.50 My Kind of Movie: A. J. P. Taylor on "The Mask of Dimitrios."
11.05 Late News.
11.10 Arena: Cinema.
11.45 Closedown (Reading).

BBC-2 Scotland only—9.00-9.10 pm Party Political Broadcast by the Scottish Liberal Party.

LONDON

9.30 am Schools Programmes. 12.00 Cloppa Castle. 12.10 pm Pipkins. 12.30 The Cedar Tree. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 Crown Court. 2.00 After Noon Plus. 3.20 Kitchen Garden. 3.50 Letter By Letter. 4.20 How. 4.45 The Book Tower. 5.15 Pauline's People.

5.45 News.
6.00 Thames At 6.
6.25 Help!
6.35 Crossroads.
7.00 This Is Your Life.
7.30 Coronation Street.
8.00 Leave It To Charlie.
8.30 Take My Wife.
9.00 Party Political Broadcast on behalf of the Liberal Party.
9.10 Stars In Their Eyes.
10.10 News.
10.30 Mid-Week Sports Special.
12.00 What the Papers Say.
12.15 am Close: A painting by Breughel with Renaissance music.

All IBA Regions as London except at the following times:—

ANGLIA

1.25 pm Anglia News. 2.00 Houseparty. 2.25 Family. 5.15 Mr. and Mrs. 6.00 About Anglia. 12.00 Wheels and Lovers. 12.25 am The Big Question.

ATV

1.20 pm ATV Newsdesk. 5.15 The Rolf Harris Show. 6.00 ATV Today.

BORDER

1.20 pm Border News. 2.00 Houseparty. 2.25 Family. 5.15 Jonny Quest. 6.00 Lookaround Wednesday. 11.30 The Practice. 12.00 Border News Summary.

CHANNEL

1.18 pm Channel Lunchtime News and What's On Where. 2.25 Family. 5.15 Emmerdale Farm. 6.00 Channel News. 6.10 Funky Phantom. 9.00 Vision USA. 10.28 Channel Late News. 12.00 Police Surgeon. 12.25 am Epilogue followed by news and weather in French.

GRAMPIAN

9.25 am First Thing. 1.20 pm Grampian News Headlines. 5.15 Emmerdale Farm. 6.00 Grampian Today. 10.30 TV Movie: "Death Stalk." 11.50 Reflections. 11.55 Spanish Virgin. 12.20 am Grampian Late Night Headlines.

GRANADA

1.20 pm This Is Your Right. 2.00 Live from 2. 5.10 What's New. 5.15 Crossroads. 6.00 Granada Reports. 6.30 Oh No! It's Selwyn Froggitt.

HTV

1.20 pm Report West Headlines. 1.25 Report Wales Headlines. 5.20 Crossroads. 6.00 Report West. 6.15 Report Wales. 6.30 Emmerdale Farm.

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 pm Penawdau Newyddion y Dydd. 4.20-4.45 Rydw'i am fod. 6.00-6.15 Y Dydd.

HTV West—As HTV General Service except: 1.20-1.30 pm Report West Headlines. 6.15-6.30 Report West.

SCOTTISH

1.25 pm News and road and weather. 5.15 Cartoon. 5.20 Crossroads. 6.00 Scotland Today. 10.30 Evening Standard Drama Awards. 11.30 Late Call. 11.35 Love Story.

SOUTHERN

1.20 pm Southern News. 2.00 Houseparty. 2.25 Family. 5.15 Sinbad Junior. 5.20 Crossroads. 6.00 Day by Day. 6.45 Dick Barton—Special Agent. 12.00 Southern News Extra. 12.05 am The Electric Theatre Show.

TYNE TEES

9.25 am The Good Word followed by North East News Headlines. 1.20 pm North East News and Where the Jobs Are. 5.15 Laverne and Shirley. 6.00 Northern Life. 12.00 Epilogue.

ULSTER

1.20 pm Lunchtime. 2.25 The Electric Theatre Show. 2.55 The Untamed World. 4.18 Ulster News Headlines. 5.15 Cartoon Time. 5.20 Crossroads. 6.00 Good Evening Ulster. 12.00 Bedtime.

WESTWARD

12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 2.25 Family. 5.15 Emmerdale Farm. 6.00 Westward Diary. 10.28 Westward Late News. 12.00 Police Surgeon. 12.25 am Faith for Life. 12.30 West Country weather, shipping forecast.

YORKSHIRE

1.20 pm Calendar News. 5.15 Mr. and Mrs. 6.00 Calendar (Emley Moor and Belmont editions).

Radio Wavelengths

1: 1053kHz/285m, 1089kHz/275m
2: 693kHz/433m, 909kHz/330m & 88-91vhf stereo
3: 1215kHz/247m & 90-92.5vhf stereo
4: 200kHz/1500m & 92-95vhf
BBC Radio London: 1458kHz, 206m & 94.9vhf
Capital Radio: 1548kHz, 194m & 95.8vhf
London Broadcasting: 1152kHz, 261m & 97.3vhf

RADIO 1

(S) Stereophonic broadcast ‡Medium Wave only

5.00 am As Radio 2. 7.02 Dave Lee Travis. 9.00 Simon Bates. 11.31 Paul Burnett. 2.00 pm Tony Blackburn. 4.31 Kid Jensen. 7.00 Radio 1 Mailbag. 8.00 Andy Peebles. 9.50 Newsbeat. 10.00 John Peel (S). 12.00-5.00 am As Radio 2.

RADIO 2

5.00 am News Summary. 5.02 Cricket: Fifth Test (report). 5.04 David Allan (S). 7.32 Terry Wogan including 8.03 Cricket report, 8.27 Racing Bulletin and 8.45 Pause for Thought (S). 10.03 Jimmy Young (S). 12.15 pm Waggoners' Walk. 12.30 Pete Murray's Open House (S). 2.30 David Hamilton (S). 4.30 Waggoners' Walk. 4.45 Sports Desk. 4.47 John Dunn (S). 6.45 Sports Desk. 7.02 Robin Richmond (S). 7.30 Listen to the Band (S). 8.15 The Magic of the Musicals (S). 9.02 The Impresarios. 9.55 Sports Desk. 10.02 My Sainted Aunt. 10.30 Norman Hackforth says Be My Guest. 11.02 Brian Matthew introduces Round Midnight including 12.00 News. 2.00-5.00 am You and the Night and the Music with Bill Rennells including 2.30 Cricket: Fifth Test (report) (S).

RADIO 3

†5.55-7.55 am Cricket: Fifth Test: Australia v England. 6.55-7.00 Weather. 7.00 News (VHF only). 7.05-8.00 Your Midweek Choice (VHF only until 7.55) part 1 (S). 8.00 News. 8.05 Your Midweek Choice, part 2 (S). 9.00 News. 9.05 This Week's Composer: Debussy (S). 9.50 Music for Organ (S). 10.25 Horn and Piano recital (S). 11.20 Midday Concert, part 1: Rossini, Walton (S). 12.00 Interval Reading. 12.05 Concert, part 2: Tchaikovsky. 1.00 pm News. 1.05 Concert Hall (S). 2.00 Symphonies from the New World (S). 3.00 The Shostakovich Quartets (S). 3.55 Jan Dismas Zelenka concert (S). 4.45 Finnish Songs (S). 5.30 Young Music-Makers (S). 5.45 Homeward Bound (S). 6.30 News. 7.30 BBC Symphony Orchestra, part 1: Martin, Hindemith (S). 8.00 Sound and Vision. 8.25 Concert, part 2: Beethoven (S). 9.40 Mozart's Piano Trios (S). 10.50 The Arts Worldwide. 11.10 Building a Library of records (S). 11.55-12.00 News.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping forecast. 6.30 Today: Magazine, including 6.45 Prayer for the Day. 7.00, 8.00 Today's News. 7.30, 8.30 News headlines. 7.45 Thought for the Day. 8.35 Yesterday in Parliament. 9.00 The News. 9.05 The Living World. 9.35 On Location. 10.00 News. 10.05 Gardeners' Question Time. 10.30 Daily Service. 10.45 Morning Story. 11.00 You the Jury. 11.45 Listen with Mother. 12.00 News. 12.02 pm You and Yours. 12.27 Lord Peter Wimsey. 12.55 Weather; programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.05 Afternoon Theatre (S). 3.50 Choral Evensong (S). 4.35 Story Time. 5.00 PM: News magazine. 5.50 Shipping forecast. 5.55 Weather; programme news. 6.00 News. 6.30 My Word! (S). 7.00 News. 7.05 The Archers. 7.20 Checkpoint. 7.45 General William Booth. 8.45 Analysis: Devolution or Dissolution? 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 The Cold Web (S). 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 9.00 London Live. 12.03 pm Call In. 2.03 206 Showcase. 4.03 Home Run. 6.10 Look, Stop, Listen. 7.30 Black Londoners. 8.30 In Concert. 10.03 Late Night London. 12.00 As Radio 2. 12.05 am Question Time from the House of Commons. From 1.05—As Radio 2.

London Broadcasting

5.00 am Morning Music. 6.00 A.M.: news, information, travel, sport. 10.00 Brian Hayes Show. 1.00 pm LBC Reports. 3.00 George Gale. 4.00 LBC Reports (continues). 8.00 After Eight. 9.00 Nightline. 1.00 am Night Extra.

Capital Radio

6.00 am Mike Smith's Breakfast Show (S). 9.00 Michael Aspel (S). 12.00 Dave Cash (S). 3.00 pm Roger Scott (S). 7.00 London Today (S). 7.30 Adrian Love's Open Line (S). 9.00 Nicky Horne's Your Mother Wouldn't Like It (S). 11.00 Tony Myatt's Late Show (S). 2.00 am Duncan Johnson's Night Flight (S).

F.T. CROSSWORD PUZZLE No. 3,885

ACROSS

1 Member joining our race has sound defence (6-5)
7 and 28 Put down contribution that's owed (6)
9 Raced to church and farm (5)
10 A portion people start taking for accommodation (9)
11 Painted and received a medal (9)
12 *Italian capitalist* (5)
13 Capricious carter I upset (7)
15 Trim a beast (4)
18 Food for man to dig up (4)
20 Give comfort to cabinet (7)
23 Danger for each one left (5)
24 Illuminates the joint—a warning to seamen (9)
26 Mediterranean island cereal, or could it be tropical? (9)
27 Below the surface of French and German articles (5)
28 See 7 across.
29 Reddish money loses its glamour when the gilt's removed (11)

DOWN

1 Notice about road over river being shortened (8)
2 Chap I make better with handy treatment? (8)
3 You and me with female escort (5)
4 Yielding pliable chemical substance (7)
5 A musical group playing with joie-de-vivre (7)
6 Treat hospitably and amuse (9)
7 My tea's stirred up and looks hot (6)
8 Board of Trade will take any fine wool (6)
14 Small brook in fact could be exciting (9)
16 Fight and be shifty—around the garden? (3, 5)
17 *Hit with shot as food may be* (8)
19 Dance with nothing on? It's possibly inflated! (7)
20 Convincing power of valid argument (7)
21 Spied round Canadian capital like 17 (6)
22 Rubbish about learner being a treble (6)
25 Little Tom waved for a lift (4)

Solution to Puzzle No. 3,884

ENTERTAINMENT GUIDE

OPERA & BALLET

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Book Publishers	—	[illegible]

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THE ARTS

Television

A trio to remember

by CHRIS DUNKLEY

Each of our three television channels has produced a quite extraordinary programme in the last few days. From BBC1 last night came *Blue Remembered Hills*, one of the most striking television plays for many years. BBC2's offering was *Black As Hell And Thick As Grass*, an amazing tour de force by Kenneth Griffith. ITV's contribution was also a play, *The Old Crowd*, which was highly entertaining but also puzzling and ultimately exasperating, though still undeniably extraordinary.

Blue Remembered Hills, produced by Ken Trodd, was written by Dennis Potter who has been providing television with a unique stream of highly original and imaginative drama for 14 years. He started in 1965 with *The Confidence Course* and the two Nigel Barton plays, and progressed via such memorable milestones as *Son Of Man*, *Casanova*, *Follow The Yellow Brick Road* and *Brimstone And Treacle* to last year's astonishing serial *Pennies From Heaven* which married music and television drama in an unprecedented fashion.

Now, with *Blue Remembered Hills*, he has again come up with a formula which is completely new (to me, anyway): seven well-known adult actors portray children, spending a wartime day playing in a forest, perhaps, judging from the dialect, Potter's beloved Forest of Dean. The play provides a picture of childhood more vividly authentic than anything since the publication of Golding's *Lord Of The Flies* a quarter of a century ago.

There are reminders of Huckleberry Finn and William Brown and even Violet Elizabeth, but very few, and even these arise mainly from fortuitous similarities in clothing, conversation or external events—the escaped "Eyetie" PoW, for instance—and not from any real similarities between previous fictional children and Potter's.

It is impossible to believe that a single adult watched *Blue Remembered Hills* (a quotation from Housman's Shropshire Lad) without thinking, at least once, "Oh good grief, *yes!*" as yet another element of childhood was accurately reproduced: the ready acknowledgement of pecking order, the power of special knowledge and of tears, the sudden terrifying shifts of mood and of alliance, and so on. (Though in one respect empathy was absent: even as a child I never experienced the blood-lust shown in the squirrel sequence, but am forced by weight of numbers of authors to assume I am atypical in this.)

The odd thing was that knowing Potter to be the writer one kept expecting another layer of meaning to come to the surface, or at least for some complicated analogy about grown-ups to emerge, yet it never did. Of course there were inevitable parallels with adult society, but it really was a play about childhood, and all the more powerful for having adults to portray the children as children themselves never could.

The acting from John Bird, Janine Duvitski, Robin Ellis, Michael Elphick, Colin Jeavons, Helen Mirren and Colin Welland was without exception superb (and if Miss Mirren was incapable of smothering her innate sexuality that was no disaster since there are young girls like that), and such consistency must indicate masterly direction from Brian Gibson.

Presumably it was Gibson whose wonderful eye for detail was largely responsible for Welland's scrotal scratching, the mode of Jeavons' hysterical rocking fit, and the positioning of Nat Crosby's camera to produce photography which was almost too beautiful for such a dark idyll. Some might have preferred the play without the horror of the climax, however valid it might be in purely dramatic terms. Without that, however, it would lack the main evidence of man's inhumanity to man which seems to be essential to Potter's work.

It is a theme which also seems to concern Kenneth Griffith greatly, yet in his work the concern emerges as anger instead of sadness. In *Black as Hell and Thick as Grass* (a reference to the look-out's warning at Rorke's Drift: "Here they come! Black as . . .") Griffith managed to suggest the calling down of a plague on all the houses involved in the unnecessary Zulu wars and at the same time to celebrate the valour of the soldiers on both sides: Cetshwayo's warriors and the South Wales Borderers.

Perhaps there are odd viewers who do not like Griffith, and if so they will not have liked this programme because, as we have come to expect after his work on Napoleon and the American civil war, Griffith *was* the programme. Not only did he write it, he was Disraeli and Gladstone and Bartle Frere and Lord Chelmsford and for a time I swear he turned into a whole company of Welsh soldiers marching together down a road. All of them in the same *Columbo* raincoat.

The extraordinary thing is that he does not need intrinsically exciting material such as the eye-witness accounts of the defence of Rorke's Drift or the last man to die at Isandahlwana to hold attention: he is equally spell binding speaking from an English pulpit or just emerging, chatting conversationally, from a flaccid bell tent before strutting off across the veld. Furthermore, fascinating though the sight of him is with those mesmeric eyes and the tensely compressed body, the sound alone would be enough to hold an audience; hearing Griffith pronounce every letter of "captured" or "soldiers" one realises how slovenly even the best news readers have become.

And having written it down, I recognise that as the sort of remark made by the effete middle class party goers who constitute Alan Bennett's *Old Crowd* in London Weekend's play. They arrive at George and Betty's house-warming party complaining of vandalised phone boxes, rampant viruses, inoperative street lights, rabies, and the grasping tactics of the lorry driver who mis-routed the hosts' furniture to Carlisle supposedly to earn some overtime with the result that the house is bare.

Thus there is at the very start a feeling of threat and decay, and it is emphasised by the picture of cracks appearing in ceilings and dust starting to fall—a sight which the audience sees though the partygoers don't. It is a small but indicative point in a play which seems more concerned with style and idiom than with narrative or character.

The guests pass purposefully backwards and forwards across a many-doored passageway, but the words we hear are:

"Have you found it yet?"

"What?"

"What you're looking for."

"It's here somewhere."

Dinner is served at an inexplicably high table by two surly "resting" actors, and the immaculately evening gowned Stella (Jill Bennett) encourages the younger one when he creeps under the table, slits open her stocking and sucks her toe. Later she sneaks upstairs with him for a spot of rough trade.

Downstairs, as the rest of the party listens to Ivor Novello numbers from a couple of hired musicians (the partygoers can do nothing for themselves) the audience suddenly sees that one half of the supposedly bare room is full of television equipment and technicians, presumably making *The Old Crowd*.

Normally one would simply assume that Alan Bennett was having a gentle and justifiable go at Minimalism, Theatricalism, Theatre of the Absurd, Expressionism, Epic Theatre, Alienation Effect, Comedy of Menace (each of which seemed to be parodied here) and indeed all the sillier posturings of Brecht, Beckett, Pinter and the rest.

But with Lindsay Anderson directing one was forced to consider the possibility that it was all in deadly earnest. My guess is that Bennett was mainly having fun stylistically, even though he also had several serious points to make, and that Anderson brought in the A-effect in a spirit of true Brechtianism.

All we at home, can be sure about is that there were some very funny moments and lines, and that one was never tempted to switch off. One other thing is for sure: if Bennett ever manages to write a whole play which is as funny as his trailers for this series have been, he will have created a comic masterpiece.

The appearance of these three programmes alone in one week would have been remarkable enough. Yet during the same period we were also offered the incomparable *Don't Forget To Write*, a version of *Rebecca* which in several respects is proving superior to Hitchcock's, and *A Twentieth Century Messiah* which even though it did jettison half the work, and even though the matching of modern pictures to ancient words and sublime music was often gauche, was also tremendously exciting, thanks primarily to Colin Davis.

So although television light entertainment may be in the doldrums as this column complained last week, medium heavyweight entertainment is looking admirably fit.

Valentine Dyall and Rachel Roberts and 'The Old Crowd'

Leonard Burt

Gabriela Benackova and Yuri Mazurok

Covent Garden

Eugene Onegin

by ARTHUR JACOBS

"Where shall I find the Tatyana whom Pushkin imagined and whom I've tried to illustrate musically? Where is the artist who could approach the ideal Onegin, that cold dandy penetrated to the heart with worldly *bon ton*? Where is there a Lensky, an 18-year-old youth with the thick curls and the impetuous and original ways of a young poet *à la* Schiller? How Pushkin's charming picture will be vulgarised when it's transferred to the stage with its routine, its senseless traditions, its veterans of both sexes who shamelessly take on the roles of 16-year-old girls and beardless youths."

Such were Chaikovsky's apprehensions of the fragility of his own opera, which led him to entrust its first production not to a seasoned opera company, but to fresh-voiced student performers. One hundred years after, the Royal Opera's revival on Monday gave the title-role to a baritone of 47, Lensky to a tenor of 53. It boded ill, and indeed the opening scene was staid, doleful, and middle-aged.

Yet Nicolai Gedda as Lensky—here singing in Russian, Covent Garden having switched from its previous English version—brought such resource and cultivation of voice as almost to nullify any visual awkwardness. His pathos was especially communicative in the moment of regret and self-reproach at the party scene ("Yes, in your house") and in the farewell and duel scene.

The Soviet baritone Yuri Mazurok brought a less subtle art to the role of Onegin. (It is surely time that "Eugene" gave place to the proper "Yevgeny".) An agreeably clear and forward voice-production and a good sense of matching words to melody were not enough: the characterisation of the seductive cad-about-town was not particularised and showed a puny range of conventional gesture.

Tatyana's Letter Scene, the kernel of her role and indeed of the opera, was disappointingly sung by the young Czech soprano, Gabriela Benackova. It lacked rapture, it lacked climax. [The final scene of the opera with its grand renunciation was better, but that was too late.] Memories of Ileana Cotrubas, who sang the role so captivatingly in 1971—and sang it in English!—evoked a disturbing comparison.

Similarly with the conducting. Solti in 1971 had found (as he does in his recording) the vital spirit of the score. Here a Bulgarian conductor, Emil Chakarov, merely plodded, with full command neither of the chorus nor of the orchestra. It was amazing that both the oboe solo and the horn solo in the Letter Scene were poorly and unevenly phrased.

Gremin's aria was nobly (and not ponderously) delivered by Gwynne Howell, and subsidiary parts were mostly well taken, with creditable study of Russian diction. Except for the lack of a doctor in the duel scene and of a band at the house-party (to which the words refer), the production mostly convinces. Originally Peter Hall's, it is now rehearsed by Charles Hamilton, with scenery and costumes by Julia Trevelyan Oman. It is on the musical side that I have to register a disappointment.

Paris Theatre

Antoine, Giorgio, Guy, Jean and Lucian

These are not the names of another pop group. They are the names of five French or foreign directors currently enjoying the greatest popularity for their latest productions in the subsidised theatres of Paris. Jean Mercure, veteran actor-manager, is head of the city-owned Théâtre de la Ville, now subtitled "Théâtre Municipal Populaire," and situated in the Place de Châtelet, where the operette-house on the opposite side of the square is about to become Paris's first municipal opera house.

Jean is celebrating his first productive ten years in office (impressively documented in the foyer) with two outstanding productions, each playing to full houses. His staging of *Heartbreak House*, virtually unknown in France, in which he plays a tiny, quick-witted and nimble-footed Captain Shotover in a French marine officer's reefer-jacket, is notable for two things. First, the fluent new translation that, together with his known anglophilia, assures an unexpectedly convincing English ambiance; and secondly, the eye-catching decor and eerie sound-effects, the work respectively of Radu and Miruna Boruzescu and of Costin Miereanu.

The same Romanian trio has done the decor and music for their countryman's Lucian Pintilie's at times perplexing production of Three *Sister*, newly translated into a modern-sounding idiomatic French by Marie-France Ionesco (daughter of the dramatist) and the director. Pintilie's concept is quite unorthodox, if only because he has the sisters reading some of Chekhov's stage-directions out loud, as though to alienate one's sympathy à la Brecht. The sound-effects and the continuous musical background, including some on-stage virtuoso piano-playing, give the play the semblance of a Russian film.

At the same time, the acting is remarkably effective, even when dominated by the vast atrium of a set, with its translucent pillars and backwall of birch-tree colouring, that permit us to see a blown-up family photo of the late Papa Prozorov, or the white horse from which the visiting Colonel dismounts lingering long past the "moment in time" when they first impinge on the stage-action. Pintilie plays tricks with time, as he does with family groupings, and totally defies Stanislavskian principles of the fourth wall. Among the many touching performances I recall the Swiss-born Marthe Keller as a Masha deeply in love with love, racing like a creature possessed in her climax of separation across the acres of the 60-foot-wide open stage.

After 25 years, Guy Rétoré has consolidated his tenure of office at the national, Théâtre de l'Est Parisien, where Brecht, Chekhov and Shakespeare are staple fare amid the experimental moderns, the last three productions being *As You Like It* and *Hamlet* staged by Benno Bessón, and now his own *Julius Caesar*, in a felicitous new rhythmic version by Geneviève Serreau, who prefers the *nom-d-guerre* of Georges Doléron. Guy uses an open space-stage à la Peter Brook, designed by André Acquart to resemble the bowels of a trireme that is lit from below when Caesar's ghost, for example, materialises at Philippi. It is linked by steps to two side balconies, thus drawing the audience actively into the middle of the play, an especially well exploited device in the mob and battle scenes. The cast, even when forcing their voices, are uniformly excellent.

The Comédie Française, on the eve of its tricentenary, has two smash-hits on view. One is Antoine Bourseiller's spine-chilling *Six Characters*, dolled up by Sonia Delaunay in the style of the twenties, rather as Pirandello might have seen it in his dreams. The other is the all but five-hour-long version, neatly turned into 18th-century French by Félicien Marceau, of Goldoni's *Country Trilogy*, which is Giorgio Strehler's directing debut in French and a triumph for the company, now appearing at the Odéon.

In his poetical reconstruction of the three complementary comedies of smug Venetian bourgeois life, in which insolvent city-folk, with social ambitions, take family, servants and unwanted hangers-on on a summer vacation and back to Venice, hopes are touchingly raised and cruelly dashed. Giorgio is greatly helped by Fiorenzo Carpi's stage-music and the cunningly-lit settings of Ezio Frigerio, their melancholy chiaroscuro bringing a Longhi or a Guardi to uncanny theatrical life. *Ludmila Mikael* is the lovely Giacinta, dithering between honour and inclination, the much sought-after daughter of the less than well-to-do Filippo.

Finally, a musical bonne-bouche, in the person of Anna Prucnal, a versatile singer from the Warsaw Opera, but now settled in Paris, whose one-woman show at Paris's newest theatre, the Forum des Halles, in the bowels of what was once its famous market, has been selling out for weeks. With music on two pianos ranging from Prey to Weill, from Brecht to Bulat Okhudzhava and not forgetting Polish resistance songs both past and present, Miss Prucnal's magnetic stage-presence, uniquely diapasoned voice, and glittering repertoire have audience and critics in thrall.

OSSIA TRILLING

Marthe Keller and Michel Auclair in 'The Three Sisters'

Elizabeth Hall

King's Singers

And now for something completely different—or rather, something very much the same. For though the content of Monday's wildly successful King's Singers concert was mostly new, the formula was familiar from many of their appearances over the past ten and a half years: something old (a handful of madrigals), something new (perhaps a commission), something soothing (folk-song arrangements), something gay (a Gilbert and Sullivan medley), all drawn together with ultra-professional smoothness and a uniformity of delivery which would have made a few Sempriniesque modulating chords between the items not inappropriate. A new member (the mellifluous Bill Ives) has affected the perfection of ensemble not a whit.

And the formula works. By the end of their zippy run-through of Cole Porter, Flanders and Swann, plus encore treats (which by any reckoning at all they did with superb poise) one might well have forgotten that the evening began with six more-or-less serious Renaissance pieces—including Gombert's exquisite *Triste depart* and Philips painful *Lasso non e morir*—which they sang with less than total success, showing some strain at the top of the ensemble, and a reliance on easy vocal effects which missed too many of the important nuances. But that's just warming up the audience.

The evening's premiere was a setting of three John Betjemen poems by the Czech Antonin Tucapsky; not as strange as it might appear, for Tucapsky is a most skilful writer for voices, who has a real feeling for the rhythm of English texts (as previous choral pieces have demonstrated). There was nothing four-square in his realisation of Betjeman's meditations on Henley, Exeter and Slough: pretty pictorialisms and gentle irony were both nicely captured. An odd choice of verses, though: Henley-on-Thames and Exeter are way below Betjeman's best, while Slough, one of his greatest is not written on the level of whimsy which Tucapsky's setting suggested.

Is suspect the King's Singers will obtain more future concert mileage from their most popular item, *Ballads, songs and snatches* arranged from the works of Gilbert and Sullivan by Daryl Runswick. Savoyard purists will no doubt avert their ears in horror at the comprehensive G and S Nightmare Song which forms the end of Runswick medley, a concantation of the *Iolanthe* Lord Chancellor's song, the Mikado's "My object all sublime," the Duke of Plaza-Toro's leading his regiment from behind the *Patience* song of the heavy dragoons, the Major-General's catalogue of achievement from *The Pirates of Penzance*, and a sensible final reference from *Ruddigore* to this rapid unintelligable patter.

NICHOLAS KENYON

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Wednesday January 31 1979

The moderates speak out

IN THE last few weeks the loudest voices in the trade union movement have been those of the believers in a free-for-all; the end of three years of incomes policy has been the signal for all the groups which possess industrial muscle to use it to the fullest possible extent. The lack of restraint with which they have pursued their objectives has appalled a number of more moderate trade union leaders, not only because of the damage that is being done to the Labour Government, but because they believe that a more equitable and less destructive method of pay determination must be found. These leaders, including such men as Lord Allen, Mr. Frank Chapple, Mr. Tom Jackson and Mr. Sidney Weighell, have this week produced a document which sets out their ideas. While it is hard to agree with some of their prescriptions, the document contains much good sense and its appearance is very much to be welcomed.

Militancy

One of the most important points the paper makes is the failure of trade union leaders to lead. The concept of "responsible" bargaining held by many of them, the paper suggests, is "superficially attractive sky's-the-limit demands wherever there have any industrial muscle." The authors admit that a period of wage restraint is bound to sow seeds of social discontent; in these circumstances shopfloor militancy is not hard to fan. Once one group of workers uses its industrial muscle successfully, others follow. "There are too many signs just now of a refusal by individual groups of workers to acknowledge the snowballing consequences of their actions and their adverse effects throughout the community. To often those who know the truth (or should do) and know the dangers, acquiesce or mislead."

Arguing for a voluntary form of incomes policy, the authors say such a policy involves "a painstaking process of political, social and industrial education in which it is not possible to lead from behind. The argument can be won if enough people stand up and be counted."

The objectives which the authors want an incomes policy to achieve are hard to fault. They include: achieving *fundamental reforms* in pay bargaining and wage structures; avoiding leapfrogging pay demands and the strife they engender; getting a fairer deal for the low paid; accepting that traditional differentials cannot be sacrosanct and that they may need to be narrowed or widened, according to the prevailing situation; seeking increased output and greater industrial efficiency to help pay for higher wages; taking into account the interests of fellow workers, consumers and the wider public.

The machinery which the authors suggest is similar in some respects to recent proposals by the Confederation of British Industry and by the Conservative Party. They want an annual tripartite meeting of the Government, trade unions and employers, which would offer guidelines for the division of the estimated national cake for a fixed period ahead. "Once there is broad acceptance of the resources available for investment, public expenditure and consumption, it should be possible to pinpoint the share to go to wages, probably best arrived at by setting an indicative norm. This would be at a level to allow for drift and the certainty that no-one will wish to settle for less than the named figure." Payments above the norm might be justified on a variety of grounds including low pay, productivity, manpower shortages and comparability. The authors strongly urge the creation of a body comparable to the old National Board for Prices and Incomes, which would investigate particular situations and make non-binding recommendations.

Competition

The paper does not deal adequately with the practical difficulties of operating a norm. The proposals for permanent curbs on prices, profits and dividends are unacceptable, although the suggestion of giving employees a share in industry's capital growth deserves consideration. The authors underestimate the extent to which wages in the market sector of the economy can be controlled by competition, and exaggerate the unfairness which reliance on market forces entails. Nevertheless, the paper represents a constructive contribution to the debate and shows the determination of at least some sections of the trade union movement to bring some order out of the present chaos. Whatever the outcome of the debate, the qualities of moderation and commonsense which are evident in this document will certainly be needed.

The farm price tangle seen from London

BY CHRISTOPHER PARKES

MR. PIERRE LARDINOIS, former Common Market Agricultural Commissioner, repeatedly said in the later days of his term of office, that if monetary compensatory amounts (MCAs) were not brought under control and eventually eliminated they would be the death of the Common Agricultural Policy and possibly the ruin of the European Community itself.

In those days, only three years ago, his pronouncements were viewed mostly as manifestations of the Commissioner's renowned "colourful" character. But the polarisation of political and economic opinion in the two years since the induction of Mr. Roy Jenkins and his new Commission has produced conditions in which his prophecies could easily be proved right.

Prices vary widely

The MCAs are now the only elements holding together the price structure of a supposedly "common" farm policy in which the prices received by farmers vary widely from state to state. Prices for agricultural produce in West Germany are 45.4 per cent higher than those in Britain, the most extreme example.

A shipment of butter going from Hamburg to Tilbury picks up a subsidy *en route* to compensate for the difference and enable the exporter to compete in the UK market where home-produced butter is so much cheaper.

A trader sending a load the other way will pay a similar MCA levy which will ensure he cannot undercut German suppliers on their home market.

Thus, clumsily, the MCAs help keep alive the notion of a "common market" in agricultural produce.

But because such cumbersome instruments cannot allow for all the subtleties of differing production costs, transport charges, interest rates and profit margins, they distort competition among the Nine. They are also open to abuse and fraud.

The niggling complaints about MCAs, which started when they were introduced as a temporary measure in 1969 to resolve what everyone considered a temporary imbalance between the French franc and the Deutsche Mark, are now developing into a full-blown chorus.

Once a side-issue, admittedly important, in the great and lengthy debate about the Common Agricultural Policy, MCAs have now assumed dominant importance thanks to the French insistence that without agreement on their progressive removal Paris cannot allow that key step towards European integration, the introduction of the European Monetary System.

The British Government accepts that the MCA system distorts trade to some extent. Indeed, it claims, it is downright iniquitous in the way subsidies help the Danes and Dutch cut the ground from beneath the feet of the British bacon industry. But for Britain the balance of advantage for the present is thought to lie in retaining compensatory amounts. Who would expect the Government to give up such handsome subsidies on vital food imports?

In any case, the present British Government claims that it has a grander design and maintains that older and more firmly entrenched faults of the *common farm policy* must take precedence in any revision.

Much of the zeal for reform of the CAP which has crystallised in the two years since Mr. Roy Jenkins and his team took over the Brussels executive has based on protecting consumer interests. Need it be said, however, that there are varying interpretations of what precisely constitutes consumer interest? Britain's line from the outset has been that EEC food prices are too high and that the notorious stocks of surplus butter, beef, sugar, grains and lakes of wine are an unjustifiable drain on the taxpayers' pocket.

Britain argues that food prices should be kept *as low as* the economics of home production combined with availability of world market supplies will allow. The approach most common in continental Europe is that consumers' interests can best be protected by giving them security of supply of staple foods. The cost is seldom mentioned. In a modest way this approach has been justified in the past — during the world sugar shortage, for example — and may be partly justified again in the coming months in the beef market.

But the notion of security of supply is based on highly suspect premises. While the Nine may proudly boast self-sufficiency in meat and dairy produce, they tend to forget that they owe most of the success to feeding stuffs imported from the U.S. and elsewhere in the outside world.

The Community imports 30m tonnes of grain a year, and virtually all supplies of essential proteins for animal feed like soya and groundnut meal are imported.

Although there is much talk of using temperate legumes like peas, beans and even strains of lupins to lessen dependence on imported proteins, in reality there is no prospect of the EEC producing more than a tiny fraction of its protein needs at economic cost in the foreseeable future.

Seen in this light the results of meat production policy in the Common Market smack more of self-delusion than self-sufficiency. But most critics' derision is reserved for more obvious flaws in the farm policy, faults which can be easily illustrated and even exaggerated in terms of "mountains" and "lakes."

Surplus grains

But there are others, less plain to see, which may be more costly to the budget and which disrupt the smooth running of other sectors of the food and agriculture industries.

The Community spends millions of pounds of its annual budget ridding itself of surplus grains which could, if good economic sense were the only guide, be used to best advantage at home. The problem is that much of the wheat and barley grown in Europe is either unsuitable or else too costly for manufacturers of animal feed and human food in the Community.

FEFACE, the confederation of animal feed makers in Europe earlier this month put its finger on the main flaws in an appeal to the Commission for a fundamental revision of cereals policy. The lop-sided incentives offered to grain growers, far from stimulating them to produce the goods required by industry, lead only to mounting surpluses of low-quality barley *for* which the only outlets were outside the Nine, FEFACE said.

The average quality of EEC-grown wheat for baking bread has been steadily falling even though farmers are guaranteed the highest prices in the world. While this wheat is of little use to flour millers, it is at the same time too expensive for animal feed compounders. So, much of it has to be exported with the aid of huge export subsidies.

Use of wheat in animal feed used to be encouraged by payment of "denaturing" subsidies. Grants were paid from the farm fund on condition that the wheat was "denatured" (spoiling it for human use) by mixing it with fish oil or lurid dyes. But frauds and mounting costs forced a change of policy in 1973.

Most of the grain which could easily be fed to stock is now dumped abroad, often to the annoyance of other major suppliers on the world market. And since 1973 the use of wheat in animal rations in the Community has fallen from 9m tonnes to 5m tonnes a year.

Importers scour the world looking for substitutes for feed which have not already been levied to the hilt by the Community's import watchdogs. Witness, for example, the huge increases in the past two years of imports of tapioca from Thailand. Through a happy oversight this energy-rich starch product is subject only to a marginal 6 per cent import levy. It can be imported relatively cheaply and when mixed with a suitable protein produces a perfect substitute for grain which is cheaper than the traditional animal rations of Northern Europe.

The Community's reaction has been predictable. The mighty grain-growing lobby led by the French arable farmers has set out to tackle the Thai intruders. Veiled threats have gone out that unless tapioca exporters exercise a measure of "self-restraint," the EEC may feel constrained to act.

There is no evidence to hand to suggest that the Community has yet considered in depth the reasons *behind* the extraordinary growth of imports of tapioca. But as tapioca shipments have grown to become Thailand's biggest source of foreign exchange, the scene has been set for an embarrassing economic confrontation between the rich and mighty EEC and one of the world's poorer nations.

Another serious anomaly has irritated the British Government and food industry, *but* no amount of pressure has produced any changes. About half the wheat used in British bread has to be imported from Canada. It is of a type which cannot be grown satisfactorily in Europe. Yet even though these imports are essential to the bread Britain is used to they do attract the massive levies applied to all categories of wheat in the name of protecting the livelihoods of EEC wheat producers and thus the future security of Community grain supplies.

The farming lobby says flatly that if French wheat is good enough for Continental bread, it should be good enough for Britain as well.

The plainest and most recent example of how Community policy can be downright damaging is to be found in the British butter market. As high EEC prices have been introduced in Britain, consumption has fallen dramatically. Average British consumption has fallen 25 per cent in the past three years, Mr. Brian Joyce, managing director of the Irish Dairy Board, complained last week.

Consumer subsidy

From 512,000 tonnes in 1975, consumption has tumbled to an estimated 380,000 tonnes last year. Without a consumer subsidy of 18p a pound, he argued, sales would fall by a further 50,000 tonnes during the current year.

Theoretically this could leave European exporters without any worthwhile outlets in Britain. UK butter production is rising rapidly and New Zealand has guaranteed access for 115,000 tonnes this year.

If Mr. Joyce is correct, and assuming UK butter output rises only modestly this year, Ireland, Denmark, France, Holland and Germany could be left to fight over a residual market share of some 25,000 tonnes in 1980. Last season Ireland *alone* shipped 40,000 tonnes.

The cry has gone up once again for New Zealand to be pushed out. Mr. Joyce himself will shortly lead a nine-country delegation to Brussels to ask for rapid, progressive reduction of New Zealand quotas when the present agreement with the Community expires at the end of next year.

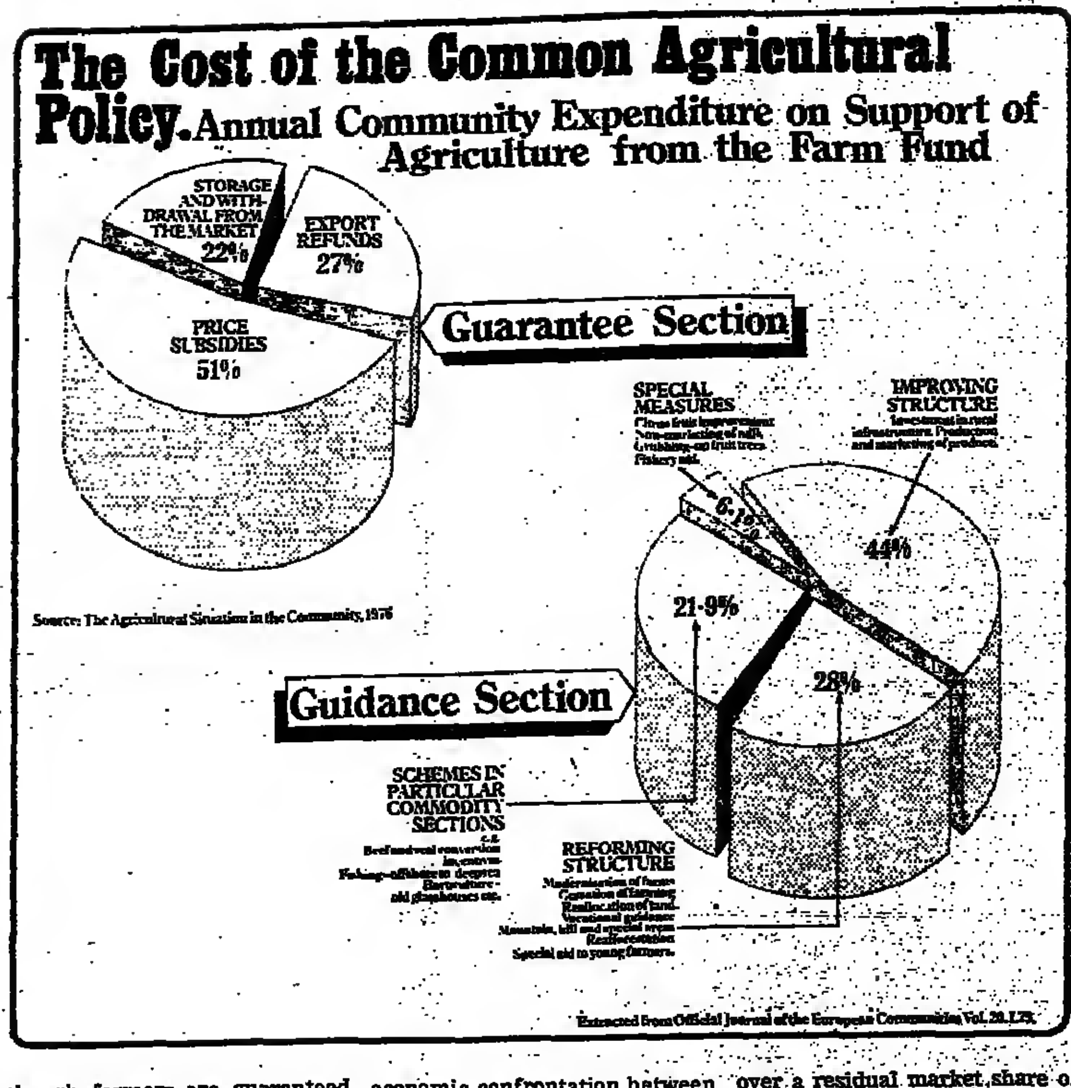
There is a tendency in the Community for agricultural politicians to tinker with the effects of bad policy rather than to tackle the causes at the root.

All except the most intransigent anti-Community campaigners in Britain may be persuaded that the Monetary Compensatory Amounts which cause so much disruption have to be tackled if the farm policy is ever to gain truly "common" status. But now London's energies are being directed towards rebuilding the foundations of the Common Agricultural Policy, starting with the price structure. The superstructure of artificial monetary mechanisms will have to wait.

But the delays may grow dangerously long. During the six years of British campaigning for reform the problems of 1973 have grown into the potential disaster areas of 1979.

Nothing much happened until last year when the Council of Ministers approved a relatively modest review. Today, Mr. Finn Gundelach will be attempting to persuade his colleagues to bless his plan for the first-ever formal price freeze in the history of the EEC. That in itself will be a formidable task, but plain sailing compared with the job of pushing the review package through the Council of Ministers.

The danger is that what has begun life in the Commission offices as an integrated package of price controls, monetary measures and production incentives may be so badly hacked about in the political processes of the coming weeks that its potential impact on the structural problems of the CAP will be hopelessly dissipated.



THE AIMS OF THE COMMON AGRICULTURAL POLICY

(in the Treaty of Rome)

1. Increased farm productivity.
2. Assured fair standard of living for farmers.
3. Stabilised agricultural markets.
4. Guarantee of regular supplies of food.
5. Maintenance of "reasonable" food prices.

Middle East realignment

THE LEADERS of Syria and Iraq have just concluded a three-day meeting to discuss moves towards the unity of their countries. The failure of previous attempts to achieve Arab union, notably Egyptian-Syrian unity under Nasser, has led to the current rapprochement between Baghdad and Damascus being glibly dismissed as a largely cosmetic exercise.

Such cynicism is understandable. Today's flowery rhetoric is in sharp contrast to the bitter denunciations exchanged daily only *six* months ago. But the improvement of relations between the two countries, forming a loose political bloc stretching from the Gulf to the Mediterranean, has already significantly altered the balance of power in the region. The importance of this development will not be affected even if the two sides prove incapable of moving towards a union of government and party.

Sundered wings

The fact that both countries are ruled by the sundered wings of the Baath party has in the past been a source of friction rather than unity. Both claim adherence to an ideological mix of nationalism and socialism. But, since the Baath split in 1966, the regime in Damascus has had its main strength in the army, while the Baghdad government has had a more civilian complexion.

Since the beginning of the decade both sides have done their utmost to overthrow the other. Baghdad accused Syria of denying it water from the Euphrates and stopped pumping oil through the trans-Syrian oil pipeline. All trade routes between the two countries were subsequently cut.

The Jerusalem visit of President Sadat, to which both Syrians and Iraqis were bitterly opposed, could have brought the two together. Instead Iraq pursued its own brand of ultra-nationalism and refused to form common cause with President Assad of Syria, on the grounds that his hostility to Israel was not radical enough. Agreement between the two came only in the wake of the Camp David accords and their detente was given greater substance by the pan-Arab meeting in Baghdad last November which produced a consensus against Egypt.

Since the agreement between Iraq and Syria was reached the two have exchanged hundreds of delegations and the purpose of this week's meeting was to ratify decisions already reached. Talk of total unity is not very convincing. A decade of bitter hostility will not be forgotten *so quickly*. A key test of the rapprochement will be whether the Syrians are prepared to see Iraqi divisions permanently stationed on Syrian soil.

Such a move would be a significant threat to Israel's northern flank. Iraq has a large army and is currently the world's second largest oil exporter. Its support will give Syria strategic and financial depth and partly compensate President Assad for the loss of Egyptian support. The Syrian hold on Lebanon will be strengthened and the Soviet Union has agreed, after much delay, to supply more highly sophisticated weapons.

Apprehension

Nor are the Israelis the only people in the area to be worried. Saudi Arabia, Jordan, Kuwait and the smaller Gulf states view with apprehension the emergence of a strong military, and in principle radical, power in the northern tier of the Middle East. The crisis in Iran has already made them deeply conscious of their own vulnerability.

The inability of the United States to do anything to help the Shah has compelled them to put less trust than formerly in Washington as a guarantor for their security. However tentative the arrangements being made between the Iraqis and the Syrians they will together make it more difficult for the conservative Arab states to adopt a more moderate stance on Camp David.

MEN AND MATTERS

Yesterday's man waits in Algiers

In a flat in Algiers, one man will be straining to hear the news from congress of the ruling FLN. The 3,000 members of the congress, meeting for the first time since the middle sixties, has been primarily concerned to find a successor to the late President Houari Boumedienne.

The man in the flat, Ahmed Ben Bella, will be hoping that the new leader may give him a break from house arrest. Since he was ousted from the Presidential seat by Boumedienne in June 1965, Ben Bella has never been at liberty. The French also had him in detention for five years, so that in more than two decades his only spell of freedom has been the three years when he was running the country.

The congress has also given the 18m Algerians their first chance in 13 years to see photographs of the Revolutionary Council—or rather of the handful who still survive from the original 22. Death or shifts in political fortune have removed the rest. But this blaze of limelight was valedictory, because the council has been dissolved and a new team will be taking over.

"What a party! There was so much champagne flying about I had to put on my Gannex!"

Friends in need

The British Travel Authority is currently showering all conceivably interested parties with a breezy leaflet about the wonders of tourism—our "Great Industry." Apart from such nuggets as the fact that 1,380,000 Germans came here in 1977 and spent £162m, and the visitors are most touched by our "courtesy and hospitality," the leaflets assure us that tourism "helps our national network of public transport services to keep fares down."

This revelation is accompanied by a picture of a bus, full of visitors, with "£35 million" emblazoned on its side. This is the amount says the BTA, that overseas visitors spend on London Transport tubes and buses in a year.

After extracting some figures from London Transport for fare increases in recent years, and doing a little arithmetic, I discovered that London fares have risen more than 2.6 times since the beginning of 1975. Just remember, without those foreigners it might even have been worse. So keep being courteous and hospitable to them.

Capper's captive

Capper-Neill chairman Bill Capper has lured his merchant banker, John Impey, into working with him in industry. This is no small achievement: the traffic is mostly into the City rather than out into harsher worlds. A director of County Bank, the NatWest subsidiary, Impey takes over in a fortnight as joint vice-chairman of the process plant specialists. He will chair about 15 of the group's 40 companies—"I have lost count"—all of which will be fairly familiar to him: Capper-Neill was one of his first clients when he joined County Bank in 1969.

He will not, however, be *asking any favours of his banking contacts* for a while: "I sorted out the finances before I left," he tells me. "I raised £4m for them last November."

Radiating an appropriate confidence in Capper-Neill's future, Impey is already retailing Capper's favourite set of figures —"Five years ago Whessoe made a bid for the company. They were three times the size of Capper-Neill. Now we are three times the size of Whessoa."

This brand of loyalty is, I am told, a useful aid to survival in a company whose chairman bluntly describes his management philosophy as "rewarding winners and cutting off the heads of losers."

Spelling it out

The Confederation of British Industry's quarterly industrial trends survey added to the general gloom yesterday. It warned that even before the road haulage strike it was clear that "increasing pressure on unit costs is becoming more widespread and . . . will be *partly reflected* in more price increases." To prove the point, from the latest edition the price of the survey rises 50 per cent for CBI members, from £20 a year to £30.

Stage business

"I prefer comedy, the up-market sort, for tired businessmen," says the man who takes over tomorrow as general administrator of London's National Theatre. Although there may be some laughs on stage, Michael Elliott is not likely to encounter many in the wings, given the National's financial woe and record of industrial strife.

Elliott is sanguine about his ability to cope with the histrionics ahead, despite coming straight from the world of disposable tissues. He feels sure that the skills he has learnt as general manager of Kimberley Clark's industrial division will apply equally well in the theatre.

The only Kleenex he will see in the working day from now on will presumably be used for wiping off greasepaint. But at 42, Elliott has no regrets about this sharp change in direction for his career. "It is a way of combining my business expertise with personal interest."

First catch

Proprietor Sir James Goldsmith and editor Anthony Shrimsley are casting around for "the most talented journalists" in Britain, to join them on Goldsmith's promised new, though as yet unnamed, weekly news-magazine planned for British bookstalls in mid-September.

The first recruit is Patrick Hutber, for the last 13 years the waspish City Editor of the Sunday Telegraph. There, Hutber has expounded his free-enterprise principles and scourged Labour politicians, union leaders, and the sort of bureaucrats who think metrication is a good thing for us all.

At Goldsmith's new venture, expected to be modelled on the French L'Express magazine which Sir James bought a couple of years ago, Hutber will be chief economic columnist and hopes to run a business section. But Hutber does confess that leaving the Telegraph is a "terrific wrench."

Some cheek

A reader tells me that he was talking to his sixteen-year-old daughter and complaining that the modern generation seems completely lacking in modesty. "When I was your age," he said, "girls knew how to blush." "Good heavens, dad," his daughter replied. "What on earth did you say to them?"

Observer

Japanese car exports stalled

By RICHARD C. HANSON in Tokyo

THE JAPANESE motor industry has run into difficulties having stunned its competitors during two decades with its uncanny ability to capture large shares of motor markets almost wherever its salesmen were unleashed. It has baffled and frustrated the competition by its ability to gn on virtually monopolising the Japanese domestic market whatever the pressures from abroad. Yet Japanese motor men now use the word "survival" when they discuss the basic problems they face in the 1980s.

The Japanese motor industry consisting of 13 companies (including motor cycle and beavy truck manufacturers) came through the post-oil crisis recession with flying colours and with not so much as a merger among its weaker or small members. But its exports began to turn down sharply in the final months of 1978 (although figures for the year as a whole were still better than in 1977). Further declines are expected in 1979.

The problem that Japan faces in export markets can be stated simply: competition is heating up sharply after years in which Japan has been the leader in world small car markets. Yen revaluation by 26 per cent over the past year alone has forced np Japanese export prices to a level where they can be met (or nndercut) by Americans and Europeans. The longer term problem is that U.S. manufacturers in particular are rapidly increasing the range and attractiveness of their smaller models.

The result, as Japan sees it, is a pincer movement against the Japanese industry.

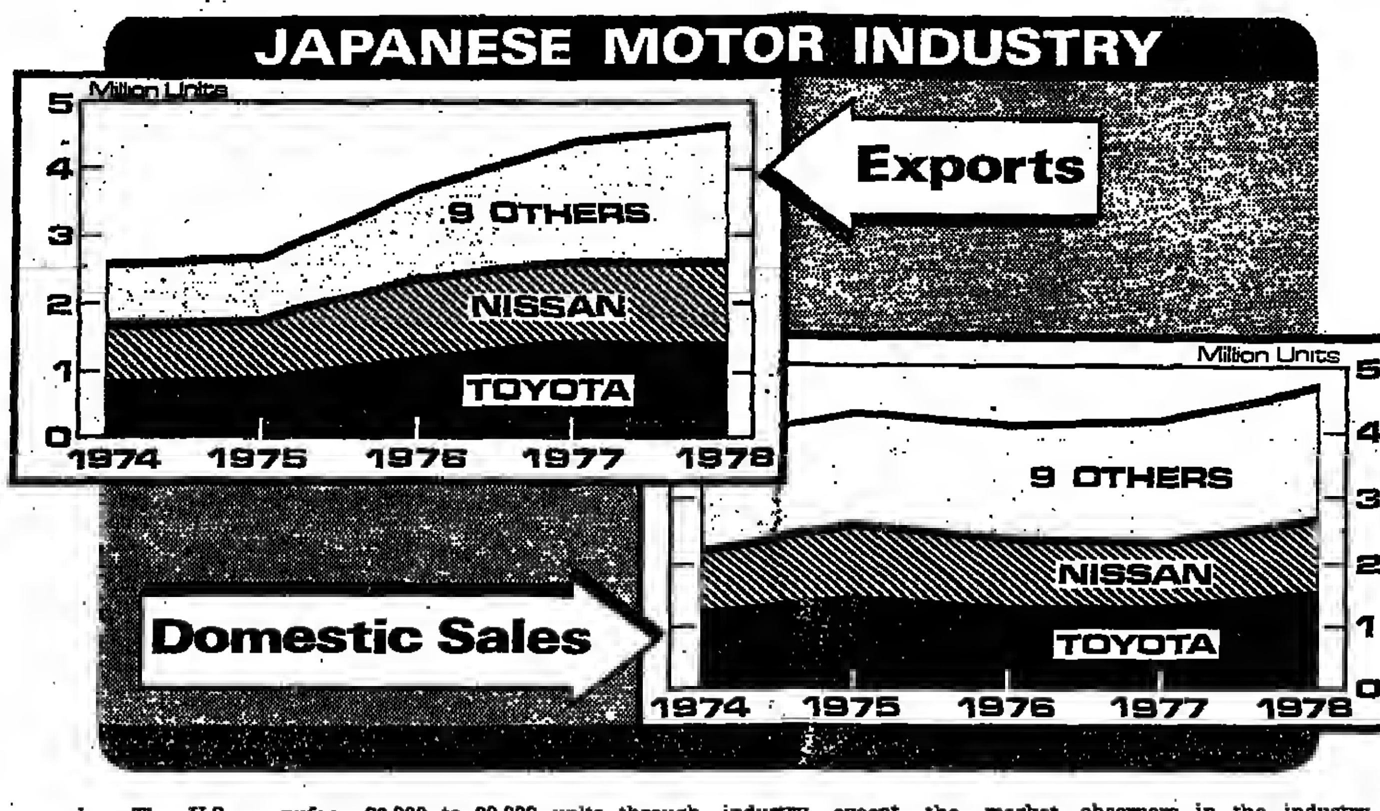
In the U.S. market Japan's exports reached about 1.87m units in 1978, 5.7 per cent above the 1977 level and the second bighest in history; but they did so because of a sharp rise in shipments early in the year and bad already gone into reverse by the late summer.

Sales to the U.S. are expected to continue falling in 1979, probably by as mncb as 100,000 units to somewhere around the level of 1977. The fall bas been, and probably will continue to be especially rapid in the Japanese "stronghold" of California and other Western states where U.S. manufacturers have been revving up their marketing strategies to make the most of advantages gained from yen revalnation. Japanese made small cars were consistently cheaper than U.S. small cars in California until about September, 1977, but by the end of last year a typical Japanese 1600 cc saloon on sale in California cost at least $600 more than its nearest American equivalent.

The pricing problems which face all Japanese car exporters to the U.S. will be supplemented from early in 1980 by a novel problem which will hit some, but not all of the industry's seven exporters of passenger cars to the U.S. This concerns captive imports—vehicles manufactured by the Japanese affiliate of a U.S. manufacturer which are distributed in the U.S. through the American partner's sales network. The sale of captive imports is geared into the marketing and production strategy of the U.S. concern.

The companies which bave benefited from this system are Mitsubishi Motors Corporation (linked with Chrysler through a 15 per cent Chrysler stake in Mitsubishi), Isuzu (tied in with GM through a 34.2 per cent GM stake) and Toyo Kogyo, which makes pick-up trucks for Ford Motor although no capital tie-up exists between the two companies.

U.S. legislation on fuel economy, which at present allows U.S. manufacturers to include captive imports in computing the overall fuel performances of their models will exclude the captives from 1980



onwards. The U.S. manufacturers must meet fuel consumption standards with their own small cars, which in turn means that they are likely to be far less interested than at present in promoting and distributing the captive imports.

Japanese manufacturers will choose various ways of coping with this problem. Mitsubishi, which exports about 120,000 cars per year to the U.S. and relies on Chrysler for distribution of 60 per cent of its global exports, may actually tighten its links with its U.S. partner (through the establishment of a joint overseas sales company and the acquisition of a Mitsubishi stake in Chrysler's Australian subsidiary). Isuzu is waiting to see how much the revisions to captive import rules will affect small trucks (of which it sells 80,000 to 90,000 units through GM) as well as the small cars which make up the balance of its 100,000 units per year U.S. sales.

Toyo Kogyo is waiting for Ford to make a decision on whether it will produce its own small trucks to compete with the Courier truck it now sells through Ford. It expects to continue making the Courier for Ford for at least this year and next, but like the other two beneficiaries of the captive import scheme realises it may then have to set up its own distribution system in the U.S. to continue selling there.

What the new status of the captive system will mean can be appreciated by a glance at the export performance of smaller Japanese car exporters (that is, all members of the industry except the market leaders Toyota and Nissan). These show that small makers increased their global exports in 1974 by 41 per cent against an industry average of 26.6 per cent, by 50.3 per cent in 1976 (against 38.5 per cent); by 24 per cent in 1977 (against 17.3 per cent) and by 16 per cent in 1978 while the industry as a whole gained only 5.7 per cent because of flat performances by Toyota and Nissan.

The clouds hovering over Japan's motor export prospects in the U.S. are only part of a generally gloomy scene which includes "export restraint" in major West European markets (officially in the UK and unofficially in France) and falling sales in Iran and Saudi Arabia (the industry's two largest Middle East markets). Most observers in the industry believe that 1978 will remain the high-water mark for Japanese car exports during the next five years.

If the industry cannot sell more cars abroad it must turn to the home market which, where Japan is concerned, is not a bad place to have to turn. The domestic market, in fact, represents the fundamental strength of the Japanese motor industry. Exports have exceeded domestic sales only once (in 1977) since the start of the industry's meteoric growth 20 years ago.

Roughly speaking, the Japanese industry has the capacity to produce 9m vehicles a year, which must be divided between exports and domestic sales. The dream of motor makers is to expand the domestic market to 5m units a year—a goal almost reached in 1973 before the oil crisis when 4.93m new cars were registered.

An 11.7 per cent rise in sales in 1978 to 4.684m has encouraged the industry to think that the goal might once again be almost within reach.

Last year and this year, however, represent a peak period for repurchasing of cars by those who first entered the market during the boom of six years ago. It is projected that another gain of about 3 per cent, to 4.8m units, can be expected for the domestic market in 1979. But going beyond that to break the 5m barrier may prove impossible.

This leaves the option of going into a major country like the U.S. with large-scale assembly and manufacturing plants as the only remaining pathway to expansion. The Japanese have been following carefully the venture of Volkswagen into the U.S.

As prospects for sales in the U.S. diminished with the appreciation of the yen, the major manufacturers all launched feasibility studies on building assembly plants there. The only car company so far to establish a plant in America, however, is Honda Motor (in order to produce motorcycles).

Toyota and Nissan have received approaches from various states in the U.S. to build car plants but so far (and possibly for quite a while to come) both remain uncertain about the idea.

The Japanese are hesitant about whether they can maintain the same quality standards on offshore production as on cars produced domestically. They also doubt whether the U.S. parts industry can supply them adequately and whether they could bridge the gap between Japanese and U.S. labour management practices.

Finally there is the major consideration of what shifting production abroad would do to the Japanese economy. The loss of local jobs and the effect on the Japanese parts industry would have to be weighed against the potential overseas profits and sales. The remarkable development of the Japanese motor industry is unlikely to be repeated anywhere else in the world. South Korea's fledgling motor industry, in the Japanese view, is having serious difficulties producing a car which it can export successfully. It will need at least the next five years.

JAPAN'S CAR IMPORTS

	Passenger cars	Market share %
1973	32,204	1.1
1974	41,629	1.8
1975	44,835	1.6
1976	42,541	1.7
1977	41,821	1.7
1978	50,359	1.8

The most important factors in the next few years for the Japanese will be how successful the Americans are in winning back their own small-car market and how successful the Europeans are in re-organising themselves.

While there is only a slight possibility that foreigners will ever be able to challenge Japanese motor manufacturers in their domestic market, the Japanese industry itself is facing the possibility of being left out in the cold in some of the other major markets of the world.

All of the serious contenders for the various and scattered markets are approaching the 1980s with global marketing strategies. At some point, the individual Japanese companies, particularly the smaller ones, may be forced to join with each other, or with foreign partners, in order to survive.

Letters to the Editor

Fuel oil prices

From Mr. J. Henderson.

Sir,—Not surprisingly it has again been mooted in the Press that certain major oil companies have approached the Government for permission to increase their product prices. I appreciate this is necessary, but the question I would put to the oil companies is, are we again to see the increase go on to the basic price or are they going to adopt the more sensible method of cutting the rebate discount?

The buying fraternity is a little weary of seeing basic prices increased and within a few weeks of the increase to be inundated with offers from the major oil companies to increase the rebate discount if the buyer would transfer his business to their books.

The price cutting continues to take place until eventually the whole of the increase is eaten away and lo and behold, another increase on the basic price is levied and away we go again.

Why can we not see a little sense this time and have the major oil companies consider a decrease in the rebate discount levied, leaving their basic prices untouched? This would allow their sales people time to look after their customers needs and requirements and buyers to enjoy a longer price stability and have time for more pressing things at hand.

After all, which other industry fixes a basic price and then gives approximately 25 per cent rebate discount? It just is not good business sense.

J. Henderson.
46, Victoria Ave.,
Failsworth, Manchester.

Deferred pensions

From Mr. R. Bankes-Jones

Sir,—Mr. Hardiman (January 20) proclaims the munificence of his "company along with many others" in inflation protection by contracting in, which he describes as involving insurance premiums and capital values. Lest his googly point should gain spurious credence, it should be stated that it is a wide (not even a no-ball).

Additional component state pension, or funded GMP (guaranteed minimum pension) equivalent at retirement age, is beginning to accrue through all UK employments whether contracted in (under 2m people in occupational schemes) or out (some 10m people in occupational schemes). Moreover, Mr. Hardiman's members who are less than 20 years short of retirement age will never have a fully developed indexed additional component pension however many years they have worked (and will contribute to it out of taxed income).

Then there is inflation as the raison d'etre of the subject and the potential wrecker. On the face of it, contracting in fairly leaves the state to carry the effect of inflation can, eventually and within a limit. But is it seriously believed that the greater capacity of the state to carry the can is infinite and unconnected with the true cost to employers (contracted out or in)? Mr. Hardiman's ball has a worn seam in that respect. Most employers with established schemes seem to have recognised that contracting in is, indirectly, not necessarily getting off the book; but is accepting a further inroad of nationalisation.

If you revert to postulating manageabue inflation, there is more point in envisaging, as a goal, some degree of straight line occupational pension accrual, behind and above GMP, through successive employments, as actually exists in the transfer club: and will exist as additional component/GMP develops. That part of Mr. Hardiman's point will weaken the cry that straight line final salary accrual would be costly. It certainly would be to varying degrees within the private sector and must be within the transfer club. If it is too costly, some method of redistribution of cost might suggest itself, to reduce inequitable disparity of practice between private and public sectors (eg a ceiling on funding rates or a national deferred pension fund indexed by the state).

R. M. Bankes-Jones.
154 Palewell Park,
East Sheen, SW14

Watching the watchers

From Mr. G. Leach

Sir,—In the Lombard column of January 23, David Fishlock introduces a review of the International Institute for Environment and Development's recently published "A low energy strategy for the UK" with Lord Rothschild's warning that "Professors must be watched." He allages in a thinly disguised form that in our two-year study we cooked the books in order to support an initial prejudice against nuclear power. Perhaps it would help your readers to correct the factual errors he makes so that they can judge who is wearing the most highly coloured spectacles.

It is wrong to allege that we had reached our final conclusions as far back as August, 1977, when I gave evidence to the Windscale inquiry. This evidence was based on a preliminary analysis of possible energy savings and did nothing to translate these into actual demands for different fuels. Until we had made this translation (in July, 1978) we had no clear idea of what our electricity or nuclear forecasts would look like. It is not our fault that by emphasising the potential for energy conservation we arrive at a future in which the need for all fuel supplies is reduced. Mr. Fishlock sees this as anti-nuclear; other reviewers have seen it as "anti-coal," "anti-oil" and "anti-gas."

Although we do not spell out precisely the "low risks" which our projected future implies, an objective reviewer would again see these as stretching far beyond the nuclear issue. There is sufficient discussion to show that we mean such important problems as the failure of coal output to reach planned targets, dependence on oil and gas imports, international fuel resource conflicts and environmental problems of many kinds.

On some points of fact, this institute is neither "new" nor was it founded by myself: it was started in 1972 and I joined it in 1975.

Gerald Leach,
International Institute for Environment and Development,
10, Percy Street, W.1.

Regional aid

From Mr H. Dykes, MP

Sir,—I read with interest the article by Anthony Moreton (Jan. 16) on regional aid, but was surprised that throughout there was no mention of the substantial contribution to our regional programme from the European Community. Last year alone the regional fund of the EEC provided Britain with £100m in grants, making a total of £250m since it started in 1975. We stand to receive about £330m during 1979-80.

The fund is designed to be a supplement to national regional programme grants, but it has been quite clear that this Government has used the aid from Europe largely to substitute its own funding. There have also been glaring disparities between the level of aid that some regions have received. For example, the north has received more than double the aid given to the north west, yet has less than half the population and only a marginally higher rate of unemployment. Why is this? Could it be that Labour enjoys greater electoral support there than in the north west? I am sure that many anti-Community Labour MPs would not dare admit to their constituents that so much of the aid that they receive comes from the "capitalist plot" the EEC.

The Government showed its casual approach to regional aid when recently having backed a rise in the European regional fund (from which Britain stood to gain £67m) it reversed its line on being persuaded by the French that this meant a strengthening of the powers of the European Parliament. (This idea always guarantees a hysterical reaction in Labour politicians.) A Conservative government will be far more honest and responsible in its use of regional aid.

Hugh Dykes,
House of Commons, SW1

Unions, wages, inflation and policy

From Professor David Metcalf and Mr. R. Layard

Sir,—Taking average bourly earnings for male manual workers, those covered by union collective agreements earn 12 per cent more than people who are not covered (or did so in 1973). This is not due to the fact that skilled workers are more highly covered by union pay agreements than the unskilled — the proportions covered are the same (around 85 per cent). And in fact comparisons of pay for workers of similar skill suggest a slightly higher union "mark-up" than 12 per cent.

The union mark-up has risen considerably since the 1960s. We have discovered this by looking at time-series data on average earnings in each branch of manufacturing. For each year we examined bow earnings varied with the proportion of workers covered (after controlling for skill differences). The mark-ups may be overestimated if we have not properly controlled for all differences in labour quality, but since this problem is the same in every year the series measures correctly the changes in the markup from year to year. The increase in the union markup occurred at the same time that the first inflation took off (1968-1972). Does this mean that the increaaed mark-up caused the increased inflation?

A monetarist would point out that a higher mark-up need not in principle lead to a bigher average wage level than otherwise, since the uncovered wage might fall below what it would otherwise have been. In that case there would be only a change in relative wages, and no increased inflation. The share of wages in valne-added would be largely unaffected. In the cost-push view, the uncovered wage would not fall as a result of the increased markup, and the average wage would therefore rise. This would not only produce additional inflation, but (until the authorities "validated" the wage increase) unemployment. The share of wages in value-

Year	Union mark-up %	Share of wages %
1961	17	75.0
1962	17	75.4
1963	17	74.7
1964	17	73.4
1965	20	74.9
1966	19	76.7
1967	17	76.4
1968	19	77.0
1969	21	80.2
1970	26	84.2
1971	26	83.4
1972	31	82.9
1973	31	83.1

added would tend to rise, even before a downturn in economic activity. The share of wages thus provides an acid test of cost-push inflation and has been proposed as such by many distinguished monetarists.

The cost-push model seems the more plausible for the period 1968-72: the share of wages in manufacturing rose very sharply. Unemployment also rose up to 1972—surely by more than was intendad by the Jenkins sqneeze of 1969-1970. By contrast of course the inflation of tha mid 1970s stemmed from expansionary monetary policy, followed by import-cost-push. We conclude that wage-push is possible, and there is a danger that the pattern of a decade ago may be repeated.

Unions also reduce the inequality of wages. The union mark-up for manual men is higher for the unskilled than the skilled. This outweighs any tendency of mark-ups as such to be disequalising. And, on top of this, unions may bave narrowed the gap between manual and non-manual workers.

Unions are not the main determinant of the income distribution, nor is incomes policy. In so far as incomea policy bas an effect on wage dispersion, it does tend to reduce the relative pay of the high paid—be they union lions or non-union lions. And the reverse is true when incomes policy is lifted. But recent incomes policiea have had less effect on wage inequality than ia commonly supposed. The rationale for incomes policy is not to change the income distribution, but to rupture inflationary expectations and to dampen episodes of cost-push.

Richard Layard
(Reader in the Economica of Labour, LSE)
David Metcalf
(Professor of Economics, University of Kent)
London School of Economics,
Houghton Street, WC2.

Today's Events

GENERAL

UK:—TUC Economic Committee meets Ministers for talks on pay, prices and other economic questions.

PARLIAMENTARY BUSINESS

House of Commons: Price Commission (Amendment) Bill, committee and remaining stages.

Select Committees: Nationalised Industries, sub-committee E. Subject: Ministers, Parliament and the Nationalised Industries. Witnesses Sir Arthur Hawkins; Lord Boyd Carpenter. Room 8, 4 pm. Nationalised Industries, sub-committee B. Subject: Report and Accounts. Witnesses: British Gas Corporation. Room 8, 10.45 pm. Expenditure, environment sub-committee. Subject: Redevelopmeot of London's Docklands. Witness: Mr. A. Strachan, planning consultant. Room 15, 4.15 pm. Expenditure, trade and industry sub-committee. Subject: Domestic air fares. Witnesses: Highlands and Islands Development Board; Highlands and Strathclyde Regional Councils; Orkney and Western Isles Island Councils. HIDB, Bridge House, Inverness, 11.30 am. Overseas Development. Subject: The pattern of UK aid to India. Witnesses: British Council. Room 6, 5.15 pm. Expenditure, social services and employment sub-committee. Subject: Perinatal and neonatal mortality. Room 7, 4.30 pm. Joint Committee on Consolidation, etc. Bills, to consider the Tobacco Products Duty Bill (Lords), the Matches and Mechanical Lighters Duties Bill (Lords), the Excise Duties (Surcharges or Rebates) Bill (Lords) and the Hydrocarbon Oil Duties Bill (Lords), Room 4, 4.30 pm.

COMPANY RESULTS

Final dividends: Aaronsoo Bros. Blundells - Permoglaze Holdings. Lonrho. Prestige Group. Interim figures: Dunford and Elliot.

COMPANY MEETINGS

Dubilier, Winchester House, 100, Old Broad Street, EC, 12. H. J. Gleeson, Haredon House, London Road, North Cheam, Surrey, 12. ICL, Purcell Room, South Bank Concert Halls, SE, 11.30. Redman Heenan International, Connaught Rooms, Great Queen Street, WC, 12.

UK COMPANY NEWS

Decca to finish year well below £12.3m

REPORTING MORE than halved six months profits, the directors of Decca warn that with radar margins baving narrowed, full year profits to end March, 1979, will be considerably lower than the previous year's £12.3m pre-tax.

However, further significant orders for defence eqnipment bave been received which should bring higher profits for 1979-80 and subsequently, they say.

Severe industrial action in its navigator and radar companies resulted in pre-tax profits, excluding associates, down from £5.22m to £2.46m in the September 30, 1978, half-year.

Higher costs, interest charges, at £1.84m (£1.28m), and the strength of sterling also contributed to the fall. Turnover rose £1.1m to £85.6m.

Tax charge takes £1.18m (£3.2m) and after extraordinary debits of £0.65m (£0.46m) and minorities, attributable profits dropped from £1.21m to £0.51m.

The net interim dividend is kept at 3.3p per 25p sbare, costing £0.62m (same)—last year's final was 8.59643p.

	*Six months 1978 £000	1977 £000	†Year 1977-73 £000
Turnover	85,600	84,500	[illegible]
Trading profit	7,978	9,700	21,703
Deprec., etc.	3,675	3,201	6,789
Profit	4,303	6,499	14,914
Int. payable	1,840	1,275	2,610
Profit bef. tax	2,463	5,224	12,304
Taxation	1,175	3,200	6,884
Net profit	1,288	2,024	5,4[illegible]
To minorities	131	359	652
debits‡	646	456	963
Attributable	511	1,209	4,095

* Excludes associates. † Includes associates. ‡ Comprises £507,[illegible] (£139,000 and £438,000) net effect of foreign exchange rate changes on net current assets, and £144,000 (£317,000 and £205,000) net costs of factory closure and loss on disposal of trading activity.

See Lex

HIGHLIGHTS

Lex considers the BAT full-year figures. The company *has produced a good second half*, particularly in tobacco, but it has problems on its retailing side. The Price Commission has rejected the Unit Trust movement's claim for higher charges and, elsewbere, Lex discusses the speech by the cbairman of the U.S. Federal Home Loans Bureau, who suggests a shift to a more austere housing policy. Finally Reed's third-quarter figures are commented on. Elsewbere, Christie-Tyler has produced a full recovery in its first-balf results while Rnsgill shows a sharp upturn and is forecasting £1m for the year—close to its previous peak.

Country and New Town advances

A £40,000 pre-tax profit increase to £293,000 is announced by Country and New Town Properties for the six months to July 31, 1978.

Mr. G. M. Newton, chairman, says the enlargement of the overseas company was completed on January 30 this year. Hs adds that minimum profits of £850,000 before tax and *minorities will* be made in a full year, tbe major part of which will be attributable to the company.

In his annual report for last year Mr. Newton said they were waiting for approval to *consolidate their overseas affairs* into a *separate self-financed* group. He added that the Britisb and Commonwealth *Shipping Co.*, then *stated as* holding a 29.7 per cent stake in the parent company, has *agreed to participate* in the formation of the new group by transferring jointly-held interests in various overseas companies.

Tax for the half-year under review is £221,000, against *£195,000. The* cbarge *arose* entirely overseas.

There are minorities of £102,000 (£142,000) and estimated losses for the period at Strand Store during the redevelopment, of £130,000 (nil). Tbe net loss *is almost doubled* from £84,000 to £160,000.

The interim dividend is beld at 0.2p net per 10p share. Last year's total, after pre-tax profits of £458,000, was 0.65p. In 1976-77 the group recorded a loss of *£89,000.*

Christie-Tyler advances to £1.5m for first-half record

RECORD first-half profits were turned in by Christie-Tyler, the furniture manufacturer. Taxable profits for the six months to October 31, 1978, jumped from £111,000 to £1.52m. The previous first-half record was for 1975 when the group made £1.4m before tax.

The directors point out that the interim figures for 1977 reflected abnormally difficult market conditions.

Mr. George Williams, the chairman, says sales up to the middle of January were continuing at satisfactory levels and until the general industrial unrest started a record year looked certain.

However, in the present difficult conditions it is impossible to forecast group turnover and profits for the full year.

For the whole of last year the group made taxable profits of £1.51m, after a second half recovery to profits of £1.7m.

Turnover for the half year under review rose by 59 per cent from £18.68m to £29.74m. But in spite of the improvement in margins compared with those for the whole of the previous year, they are still under pressure in a very competitive market, say the directors.

Tax takes £790,000, against £58,000. The net interim dividend per 10p sbare is raised from 1.6p to 1.8p. Last year's total was 4.79666p.

The group acquired Olympic Kitchens last October, but no contribution from this new subsidiary has been included.

● comment

Christie-Tyler's first half results are a shade above market estimates and reflect a most creditable performance. Coming up from a low base last year, profits are now 8 per cent higher than the record level achieved in the first half of 1975, in spite of continuing pressure on margins from stiff competition. The most impressive feature of the results is Christie-Tyler's determined assault on market share—sales volume is at least 40 per cent higher, compared with a 14 per cent increase in furniture manufacturer's deliveries in the same period. Basically, the company has been able to do this by offering very short delivery times, especially on upholstered items. However, the cold weather and current industrial troubles will take its toll in the second half, although Olympic, the new acquisition, will help compensate. The shares, up 4p to 92p, yield a prospective 8.7 per cent.

Trevor Humphries

Mr. Peter Macadam, chairman of BAT Industries . . . taking an increased share of free world tobacco trade.

UK tobacco side helps Gallaher to £51m

For 1978, pre-tax profits of Gallaher, a subsidiary of American Brands Incorporated of the U.S., show an advance from £47.1m to £51m. Group sales for the period improved from £1.4bn to £1.52bn.

The profit rise was due to the performance of the domestic tobacco division which expanded profits at the trading level, by £10.2m to £39.4m. This helped offset downturn in most of the other sectors of the company's business.

	1978 £m	1977 £m
Group sales	1,523.3	1,410.2
Tobacco—Domestic	1,035.9	958.6
—Overseas	170.3	173.9
Engineering	59.3	57.2
Optical	34.9	31.1
Distribution	222.9	189.4
Trading profit†	55.0	53.5
Tobacco—Domestic	39.4	29.2
—Overseas	3.5	9.1
Engineering	3.9	4.5
Optical	6.3	5.9
Distribution	2.4	3.9
Financing loss	0.5	*1.2
Interest charges	4.0	5.7
Profit before tax	51.0	47.1
Tax	26.2	21.7
Net profit	24.8	25.2
Minority profits	0.2	0.3
Extraord. debits	—	—
Attributable	24.6	24.9
Dividends	21.2	0.5
Retained	3.4	24.4

* Profit. † After depreciation of £11.7m (£10.2m).

The 1978 accounts have been prepared to conform with U.S. as well as UK accounting standards.

The principle changes relate to the translation of foreign currency items. The 1977 figures have been restated on a comparable basis, with a consequent increase in the group profit attributable to shareholders for that year of £2.8m.

Bertrams £0.67m profit

A PRE-TAX profit of £67,128 for the year to October 1, 1978, is reported by Bertrams paper and board machinery manufacturer. Last year the company made a loss of £239,640.

After tax of £24,569 (credit £73,667), earnings per 25p sbare are stated at 1.56p (loss 5.65p). There is again no dividend, but tbere will be a net interim of 1p for the current year. Dividends *were last* paid in 1975, when the total was 1.85p net.

Turoover in the year under review rose from £2.05m to £2.65m. Net profits were £38,559 (loss £180,482), after extraordinary debits of £4,000 (£14,509).

IDC recovers to £1.12m and still going ahead

FOLLOWING THE downturn experienced in 1977, pre-tax profits of IDC Group rose from £426,059 to £1,124,454 in the year to October 31, 1978, reflecting the recovery previously forecast. Turnover was up from £21.73m to £35.58m.

The directors say the level of enquiries in the current year remains high, with confirmations satisfactory, and it is anticipated that further progress will be achieved. The group's liquidity is sound, they add.

After tax of £540,000 (£237,975), earnings per 20p share are stated at 26.3p (8.6p), and diluted 22.1p (6.9p). The net final dividend is stepped up from 6.8061p to 7.6086p, making 10p (8.9801p).

The chairman and his family will waive the final: the company will therefore retain £71,033 in respect of this dividend which, with the interim waived, totals £83,087.

Attributable profits are £584,454 (£188,084).

NAME CHANGE FOR FEEDEX

It is proposed to change the name of Feedex to Feedex Agricultural Industries. The board believes that the broader range of the company's business should be properly reflected in its title. There will be an EGM on February 21.

Syltone tops £0.7m at halfway

TAXABLE profits of Syltone jumped from £512,000 to £701,000 in the half year to September 30 1978 on turnover ahead from £5.2m to £6.32m.

Pre-tax profits for the whole of last year totalled a record £1.04m, against £846,000.

The group, which takes in engineering, pipe system supply and wholesale electrical distribution, is raising the interim dividend from 1.4p per 25p share to 1.5653p. The total last year was 5.6235p.

Tax for the half year is up from £109,000 to £281,000.

The cost of the interim dividend declared would normally be £48,160 (£42,637), but this has been reduced by waivers of £20,929 (£19,988).

BAT Industries up 4% before heavier tax slice

A *SECOND half* upturn in taxable profit of £22m to £223m by BAT Industries left the group showing a 4 per cent advance in surplus from £416m to £433m for the year to September 30, 1978. However, almost entirely because of unrelieved advance corporation tax of £189m, compared with £158m, the net balance was down 5 per cent at £244m.

Sales for the year were 7 per *cent better* at £6.68bn (£6.21bn) with £4.47bn (£4.1bn) from the tobacco division. Here a higher rate of volume growth was achieved as it increased its share of the free world markets, but profits, up 1 per cent at £350m, did not fully reflect the improvement owing to the initial cost of entry into the UK market. Duty included in tobacco turnover amounted to £2.55bn (£2.33bn).

Tbe paper division produced the *best performance* with a 15 per cent advance in profit from £53m to £61m of which £6m was derived from the inclusion of three months' better-than-expected results of Appleton Papers Division of NCR Corporation acquired for £153m in June 1978. Ths division's sales were 18 per cent up at £650m of which £35m was from Appleton.

Changes in the U.S. dollar exchange rate and the sale of Supermercados Peg-Pag materially affected the results of the retail division where profit was held at £24m on turnover of £1.41bn (£1.39bn).

Eliminating these factors, the directors point out that turnover was 16 per cent ahead and trading profits 17 per cent up. Improved performances from Gimbels and Saks Fifth Avenue in the U.S. was offset by lower profits from food retailing both in the U.K. and the U.S.

Even after the benefit of some £4m surplus on property sales the UK food retailing subsidiary International Stores slumped from £5.55m pre-tax profit to a £1.04m loss on sales increased from £401m to £543m for 1977-78. Interest *payments* by this company were up from £1.44m to £3.5m. Its net balance emerged as a profit of £4.8m (£12.66m) after tax relief of £5.84m (£7.11m).

No dividend is to be paid by this subsidiary, compared with £2.5m last time.

Cosmetics, the group's smallest *division, returned* to an upward profit trend with £5m against £3m on sales 11 per cent higher at £117m. Other activities returned a higher operating surplus of *£59m* (£45m).

Overall group earnings per 25p share dipped from 70.2p to 65.2p basic or from 64.8p to 60.4p fully diluted. Unable to pay as much as hoped at mid-year because of continuing dividend restraint, the directors propose a net final of 5.12p lifting the total to a maximum permitted 14.52p (13.01p).

A first interim dividend of 4.84p (4.4p) is also declared for the current year.

Group investment income for the year was unchanged at £61m but interest paid reached £66m (£57m) due largely to a full year's charge on borrowings for the acquisition in June 1977 of the international cigarette business of P. Lorillard of the U.S.

	1977-78 £m	1976-77 £m
Sales	6,676	6,212
Trading profit	438	412
Investment income	61	61
Operating profit	499	473
Interest paid	66	57
Pre-tax profit	433	416
Tax	189	158
Net profit	244	258
To minorities	25	23
Attributable	219	235
Retained for inflation	53	64
Dividends	49	44
Other retentions	117	127

Mr. Peter Macadam, chairman, said later that it would be an advantage to have higher UK profits to overcome the ACT problem.

Of the tobacco side in the UK be said the British launch in May last year of State Express brands bad cost £5m and the initial penetration of the market had been excellent.

The UK company was now in a period of consolidation and held some 6 per cent to 7 per cent of the king size market. More brands were to be launched he said; and a move into profit could take two or three years.

He added that he was confident of improvement at International Stores. This company had more than held its own in volume terms during 1977-78 and would be spending some £60m opening 29 large stores in the next two year. This would be partly financed by some property sales as closure of smaller unprofitable stores continued. This company's market share was marginally better in 1977-78 at between 3 and 3 per cent, he said.

Most of BAT Industries' profits are earned in currencies which depreciated against sterling over the *12 months and comparatives* have been restated to take account of the movement. In addition deferred tax has been treated in accordance with accounting standard No. 15.

The group's next accounting period will be for 15 months because of a change of year end from September 30 to December 31. The first interim will be payable on April 2, 1979, a second on October 1 and a third at April 1, 1980.

British-American *Tobacco* Investments has undertaken to exercise its right to convert the whole of the 9½ per cent convertible unsecured loan stock 1990-95 into fully paid ordinary shares of BAT, and the trustees of this stock have given their consent to the proposed change of the accounting year.

The BAT subsidiary British *American Tobacco* achieved record taxable profit of £381m (£376m) on sales up £253m at £5.41bn. After tax of £138m (£149m) and minorities of £23m (£21m) earning per share were 44.2p (41.4p). Dividends cost £77m against £83m.

Here the annual revaluation of principal trade investments resulted in £19m (£17m) credits *and exchange movements* produced £90m (£50m) decrease in sterling value of overseas net assets.

A £1.24m rise in taxable profit to £33.77m is reported by BAT subsidiary Wiggins Teape Group for the year to September 30. On turnover, including sales to other BAT subsidiaries, of £461m (£426m) this paper maker showed a decline in trading profit to £41.8m (£42.08m).

Profit included investment income of [illegible] (£1.48m) and was struck after lower interest of £9.19m against £10.49m. After tax £13.72m (£10.94m) net profit emerged down from £21.59 to £20.05m. With £7.8m (£9.2m) retained for inflation, available profit came out at £12.25m (£11.56m) before dividends of £6m compared with £5m.

Gimbles reorganises Page 20

See Lex

NEW LIFE BUSINESS
All-round advance at year end for Imperial Life of Canada

A 29 per cent rise in new annual premium life business in the UK is reported for 1978 by The Imperial Lift Assnrance Company of Canada. Tbis amounted to £4.6m last year, against £3.6m in 1977. Oo ordinary life business new annual premiums advanced by 28 per cent from *£2.44m to £3.13m*, wbile on unit-linked life business premiums were 44 per cent higher at £604,000 compared witb £419,000.

Group pensions business improved by 23 per cent to £688,000 following the introduction of tbe new State pension scheme, and permanent health contracts showed an 18 per cent rise to £183,00.
MACH. 23

The company bad an extremely successful year in 1978 on its unit-linked bond business. Total bond *sales, both* unit linked and guaranteed growth, more than tripled from around £250,000 to £839,000. Annuity business also tripled from £63,000 to £187,000. Overall, single premiums in 1978 amounted to £1.12m compared with £342,000 in 1977.

Higher new life business results in 1978 in both the UK and the Republic of Ireland is reported by *The Canada Life* Assurance Company. New annual premiums on ordinary lifa business in tha UK advanced by 38 per cent from £1.81m to £2.51m, and single premiums by 6 per cent from £1.77m to £1.87m. New group premiums amounted to £880,000, against £940,000—a 15 per cent rise in annual premiums being offset by a decline in single *premiums. Unit-linked* business, both assurances and pensions, was very buoyant in 1978, with annual premiums 68 per cent higher at nearly £1m.

In the Republic of Ireland, new annual premiums rose by 18 *per cent from* £940,000 to £1.11m, and single premiums by 4 per cent from £687,000 to £713,000.

New sums assured in the UK and Ireland advanced 30 per cent from £188m to £244m, annuities per annum by 28 per cent from £3.56m to £4.57m and permanent health benefits by 27 per cent from £1.67m to £2.12m.

Tbe company has also announced increased rates of reversionary and terminal bonus on individual with-profit life and annuity contracts. The company, heing a Canadian life company, operates a complex bonus system depending on several factors. But the new scales will cost 8½ per cent more for reversionary bonuses, and 12½ per cent more for terminal *bonuses.*

Good results for new life business last year is reported by Confederatioo Life Insurance, with new annual premiums up by 47 per cent from £2.5m to £3.7m and single premiums *advancing* by 114 *per* cent *from* £625,000 to £1.34m. Growth in the annual premium business came in both individual and group pensions business, the overall premiums being split 50-50 between each type of business.

On tbe single premium, good growth was recorded by the linked business, and the self-employed and executive pension sectors. But the largest growth has ocurred in the company's promotion of its Capital Protection Plan wbich recorded sales up by 175 per cent.

The company bas also announced interest rates on its deposit administration accounts of 12.06 per cent for non-discretionary schemes and 11.46 per cent for discretionary schemes, including voluntary contribution schemes.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
BAT Inds.	5.12	April 2	5	14.52	13.01
BAT Inds. int.	4.84	April 2	4.4	—	14.52
Bertrams int.	1	March 2	nil	—	nil
Brengreen	0.1	—	—	—	‡
Christie-Tyler int.	1.8	April 6	1.6	—	4.8
Cntry. & New Town int.	0.3	April 17	0.2	—	0.65
Dsejan int.	1.17	March 29	1.16	—	3
Decca int.	3.3	April 27	3.3	—	11.9
Glass Glover int.	1.51	April 2	0.99	1.37	1.33
Hambro Trust int.	0.65	March 6	0.65	—	2.02
IDC Group	7.61	—	6.81	10	8.98
Manson Fin.	1.5	March 5	1.5	—	3.5
Rosgill int.	0.75	April 9	nil	—	nil
Stewart Plastics int.	1.28	March 2	1.14	—	3.12
Syltone int.	1.57	March 29	1.4	—	5.62
Thames Plywood int.	1	April 6	0.75	—	2
Warren Plant int.	2.35	Feb. 23	2.31*	—	7.4*

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Final of 0.1p forecast.

Reed Intl. tops £63m after third quarter rise

Third quarter profits of Reed International rose from £18.9m to £23m to give a total of £63.1m for the nine months ended December 31, 1978, against £58.3m in the same period last year.

Operating profit at December 31 was £87.1m against £86.4m with an increased contribution from the UK of £57.7m (£52.4m) but lower profit of £29.4m (£34m) from overseas.

Earnings per £1 share for the third quarter are shown at 6.5p (3.6p) and for nine months, 18.4p against 14.7p.

In the year ended March 31, 1978, profits before tax totalled £80m and earnings per share were 21.9p.

	Nine months 1978 £m	1977 £m
Sales	1,228.9	1,207.3
UK and exports	717.6	653.8
Overseas	511.3	553.5
Trading profit	82.8	78.0
Associates' profits	4.3	8.4
Operating profit	87.1	86.4
UK	57.7	52.4
Overseas	29.4	34.0
Interest	24.0	28.1
Profit before tax	63.1	58.3
Tax	39.1	35.9
UK	26.7	20.1
Overseas	12.4	15.8
Net profit	24.0	22.4
Minorities	3.3	6.0
Attributable	20.7	16.4

See Lex

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals, and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interim: McKay Securities.

Finals: Aaronson Brothers, Armour Trust, Blundell-Permoglaze, Lonrho, Prestige Group.

FUTURE DATES

Interims—

Dale Electric	Feb. 1
Stirling Knitting	Feb. 5
Unitech	Feb. 6

Finals—

Alcan Aluminium (UK)	Feb. 9
Associated Fisheries	Mar. 1
Commercial Union	Feb.
Copenhagen Handelsbank	Feb. 14
Pentland Investment Trust	Feb.
Sterling Trust	Feb. 7

Manson Finance

For the six months to October 31, 1978 Manson Finance Trust reports group revenue of £1.28m (£0.98m). Including sale of Government securities £52,000, pre-tax profits turned in at £316,000 compared with £307,000.

Tax took £164,000, against £133,000, and earnings per 20p share are shown to have risen from 1.7p to 2.1p.

The net interim dividend is held at 1.5p. Last year's total payment was 3.5p.

Stewart Plastics progress

WITH turnover 18.6 per cent ahead at £3.57m, pre-tax profits of Stewart Plastics improved by 24.3 per cent to £0.93m in the six months to October 31, 1978.

The net interim dividend is stepped up from 1.1423p to 1.2754p. Last year's total payment was 3.1166p from profits of £1.51m.

	Six months 1978 £	1977 £
Turnover	3,568,539	3,008,781
Trading profit	834,551	655,336
Disposal of fixed assets profit	2,360	1,568
Interest receivable	92,677	90,975
Profits before tax	929,588	747,879
Tax	479,800	403,000
Profits after tax	449,788	344,879
Extraord. credits	75,097	—
Available	524,885	344,879
Interim dividend	57,998	51,941
Waived	23,880	21,392
Retained	490,747	314,330

In addition during the first half there were profits of £58,825 on the sale of Kruger Rands and £48,472 on the sale of quoted investments. These sums, which were subject to tax of 30 per cent, have been re-invested.

Glass Glover hits peak

IN LINE with the mid-term forecast of record profits, pre-tax surplus of Glass Glover Group advanced from £432,689 to £480,740 for the September 30, 1978 year, with £132,170 against £127,526 coming in the first half. Full year turnover rose £0.51m to £24.73m.

In the current year, the directors are confident that the company will achieve a further profit increase.

After tax of £286,252 (£228,308), stated earnings improved from 3.6334p to 3.8131p per 5p share, while the dividend total is the maximum permitted 1.3719p (1.2286p) net, with a final of 1.1103p.

The company distributes food, and imports fresh fruit and vegetables.

The directors say the company has again increased its market share, enabling it to absorb higher operational costs and improve net earnings despite generally low producer prices for fresh fruit and vegetables, which checked the rapid rise in turnover levels.

Interest charge for the period was £8,324 (£915). Dividends absorb £77,172 (£69,109) and retained profits were slightly better at £187,316 compared with £135,272.

Rosgill forecasts £1m after first-half upsurge

WITH PRE-TAX profits of Rosgill Holdings, clothing distributor, jumping 256 per cent from £202,000 to £720,000 in the 28 weeks to December 9, 1978, the directors foresee full-year profits of not less than £1m.

With the background of unusually harsh weather and industrial unrest, the directors say, it is difficult to forecast the outcome for the final 24 weeks. However, in the event of a rapid return to normal, a pre-tax profit of not less than £1m is anticipated for the year.

The net interim dividend—the first since 1975—is 0.75p per 5p share, costing £72,000.

Turnover increased 43 per cent from £8.54m to £12.21m. Pre-tax profits were struck after interest charges of £19,000 (£46,000).

In the last full year, profits were £315,000.

● comment

Rosgill Holdings has clearly weathered the storm of its disastrous diversification into discount retailing. Following the losses of 1976 and 1977, the company appears on course for pre-tax profits this year of close to the 1973 record of £1.1m. Whereas that figure included £170,000 from Moneysave, the UK party sales operation is now making almost all the running. Volume in the first half was a fifth higher thanks to a revamped product range and the impact of buoyant consumer spending. The figures also reflect tighter financial controls, arguably a direct result of Moneysave's disposal and the end of a time consuming pre-occupation with that venture. The Dutch operation, meanwhile, is still making only a modest contribution while the Fashioncare experiment is virtually moribund. Rosgill, is now concentrating on the activity it knows best but doubts must surround its long term growth. Given inflation there is still scope to return to previous profit levels while party selling, if less fashionable, is apparently still a growth market. Nevertheless, it is a cyclical business and vulnerable to downturns in real disposable incomes. The company still has plenty to prove but if things go to plan a return to the previous highest dividend of 2.265p would not displease the market. At 37p the prospective p/e is 7.2 and the yield (twice covered) 9.3 per cent.

BIDS AND DEALS

Moorhouse and Brook capital repayment given go-ahead

BY JAMES BARTHOLOMEW

The Inland Revenue has given the go-ahead for another capital repayment scheme. Moorhouse and Brook, manufacturers of worsted cloth, are being permitted to repay £936,000 cash to shareholders.

Permission for such payments to be taxed advantageously—as capital rather than income—is normally given only if the Inland Revenue is convinced there are bona fide commercial reasons for the payment.

Moorhouse and Brook were reluctant yesterday to say what the commercial reasons were until the scheme is published. But one of them is the now familiar one that a distribution of surplus cash would make the company less vulnerable to take-over.

The Inland Revenue might have been encouraged to go along with the scheme because the two families most closely connected with the running the business are not just taking the money. They are spending more than they will receive from the capital repayment to buy further shares in M and B from another family whose earlier ties with the company have decreased.

The Brook and Tinker families, who between them account for all the directors, will acquire 122,850 shares (10.5 per cent) from the Moorhouse family at a price equal to 205p per share. No general offer will be necessary as a result of this transaction since the City Take-over Panel has ruled that the three families are acting in concert, and between them they own more than 50 per cent of the shares.

The capital repayment will be made through a scheme of arrangement. Each shareholder will receive 80p in cash and a share in a new holding company for every share in the existing company. The preference shares are to be cancelled with a cash payment to shareholders at par.

Further details of the scheme, which is subject to shareholder and court approval are to be published as soon as possible. Advisers to the directors are Baring Brothers and Co. Robert Fleming and Co. is advising the Moorhouse family.

AAH EXPANDS GEAR BOX RANGE

In a move designed to expand its range of gear boxes AAH, the coal distribution to engineering conglomerate has bought Varatio, a subsidiary of Clayton Dewandre.

AAH is paying £754,540 in cash for the company of which £611,848 is accounted for by an inter-group loan from Dewandre which is to be repaid.

In its last year to March AAH's turnover exceeded £246m. Of the group pre-tax profits of £6.3m, engineering accounted for just over £1m.

F. J. C. LILLEY

F. J. C. Lilley has completed the acquisition of the capital of Robison and Davidson. The terms were £1,547,971 in cash and 252,536 Lilley new ordinary shares.

SHARE STAKES

Record Ridgway: Britannic Assurance Company has increased its holding to 1,228,000 shares (11 per cent).

Paramba: Mr. R. C. A. Shaw has acquired a further 50,000 shares increasing holding to 250,000 shares (6.87 per cent).

Armitage Shanks Group: Ceramics Holdings S. A. has acquired a further 100,000 shares making holding 2,185,000 shares (10.44 per cent).

Birmingham Mint: Astra Industrial Group has bought a further 30,000 shares making total holding 263,000 shares (13.15 per cent).

Warren Plantation shortfall

IN LINE with expectations, profits of Warren Plantation Holdings for 1978 will be below the exceptionally high £10.9m of 1977 but the directors anticipate a result in excess of the £4.67m achieved in 1976.

An interim dividend of 2.345p is now declared compared with an equivalent 2.31p—the previous total was equal to 7.325p.

With the acquisition of Supara Investments in 1977, the crop and sales figures for 1978 include particulars of rubber and oil palm fruit as well as tea and coffee.

An increased tea crop was produced in all three of the group's tea areas: in India up from 12.19m kg. to 12.53m kg; an increase in Kenya to 775,000 kg (711,000 kg), and in Papua New Guinea, from 1.44m kg to 1.54m kg.

Prices were satisfactory but well below the buoyant levels prevailing in 1977. In September, 1978, the export duty levied in India was reduced from Rs5 to Rs2 per kg.

The coffee crop was down from 1,128 tonnes to 977 tonnes in Kenya due to adverse weather conditions. The coffee price has fallen from the heights of 1967 and 1977 but was held at a reasonably profitable level.

In Indonesia, the rubber crop was up from 2.86m kg to 3.49m kg, and oil palm fruit from 5,405 tonnes to 12,289 tonnes.

World prices for rubber and oil palm rose during the year and the outlook is encouraging, the directors say.

For 1978, sales for tea are split as to: India, £11.46m (£14.95m) on sales of 11.1m kg, (10.65m kg); Kenya £821,000 (£873,000) on 793,000 kg (675,000 kg) and Papua New Guinea, £1.46m (£1.47m) on 1.59m kg (1.34m kg).

Coffee sales came to £1.79m (£3.03m) on 1,090 tonnes (1,205 tonnes) while rubber sales were £1.09m (£1.04m) on 3.51m kg (2.82m kg) and oil palm fruit, £250,000 (£162,000) on 12,289 tonnes (5,405 tonnes).

The successful integration of the Supara estates into the group has been achieved. Although rupiah profits are in line with internal forecasts, they have been reduced by approximately a third in sterling terms by the devaluation of the rupiah in November 1978.

After initially purchasing 64 per cent of the equity in August 1978, Joseph Mason became a wholly-owned subsidiary in November, 1978. The board is pleased with the performance to date and the company has made a worthwhile contribution to group profits and A.C.T. relief in 1978.

The new UK acquisition is a specialist paint producer, and following this major diversification, the board will issue group profit and loss account in addition to the usual statistics on crops and sales.

The revised interim statement for the six months ending June 30, 1979 will be announced in January 1980.

ISSUE NEWS

Yearlings up to $12\frac{7}{8}$%

The coupon rate on this week's batch of local authority yearling bonds has jumped to 12⅞ per cent—the highest level since January 19, 1977, when the rate was 13¼ per cent. Last week's interest rate was 12½ per cent.

The stock is issued at par and is due for repayment on February 6 1980.

The issues are: Kirklees Metropolitan Borough Council (£0.75m), Metropolitan Borough of Rotherham (£0.5m), Corporation of London (£0.5m), Newbury District Council (£0.25m), Renfrew District Council (£0.5m), City of Sheffield (£0.75m), City of Dundee District Council (£1m), City of Leeds (£1.5m), Grampian Regional Council (£1m), London Borough of Redbridge (£1m), London Borough of Wandsworth (£0.5m), Charnwood Borough Council (£0.5m), London Borough of Merton (£1m), Slough Borough Council (£0.5m), South Wight Borough Council (£0.75m), Clwyd County Council (£1m), Uttlesford District Council (£0.5m), Craven District Council (£0.25m) and Wellingborough District Council (£0.25m).

G. P. FINANCE

The Treasury have approved proposals by the General Practice Finance Corporation for a 26th issue of stock.

Accordingly, the corporation has made an issue of £500,000 General Practice Finance Guaranteed 14 per cent Stock, 1994, to the National Debt Commissioners, at 98½ per £100 of stock to yield 14.23 per cent to redemption.

GEI forecasting good current year results

GEI INTERNATIONAL, the engineering group, anticipates that results for the current year, which ends on March 31, are likely to be good.

The only shadow that is cast over the eventual outcome is the possibility of prolonged industrial unrest.

Mr. Thomas Kenny, the chairman of the group which in its last financial year reported pre-tax profits of £5.5m also says that GEI has over £5m of cash "and oodles of unused bank facilities."

Mr. Kenny describes GEI's fortunes in the bid document which outlines GEI's £3.4m offer for Moss Engineering.

He explains that "over the last five years GEI has spent over £10m on capital projects. Over the same period Moss's investment in new assets has not been noteworthy. Cash will not be a restraining influence in developing and enlarging the Moss companies."

Mr. Kenny tells Moss shareholders that "Moss has had a difficult time in recent years. Its profit margins have fallen from 10.6 per cent in 1976 to 9.5 per cent in 1977 and to 4.6 per cent in 1978. Over the same period GEI has earned record profits and maintained its margins.

"In no sense of unkindness I quote from your chairman's review accompanying the 1977 accounts: 'the latest trading figures indicate that 1978 will again produce our usual pattern of increasing profit.'

"Alas, that did not happen. Pre-tax profits fell from £921,000 to £504,000."

GEI has shown Moss profit figures for the last financial year, ending August 31, 1978, after they have been restated to comply with GEI's accounting policy. Taxable profits of £504,000 of Moss are reduced by £96,639, an amount which represents the written off development expenditure net of depreciation."

Moss's tax charge, which in the last financial year was stated as £104,000, has become, using GEI rates of 51 per cent, £207,000. As a consequence of the restatements Moss's dividend payment of £213,793 exceed the amount available for dividend distribution by £14,441.

Moss Engineering has urged its shareholders to reject the GEI scheme as the terms—offering nine GEI shares for every ten of Moss—do not reflect the true value of Moss.

Moss directors are drawing up their detailed objections.

Thames Plywood expands with £315,000 purchase

Thames Plywood Manufacturers has agreed to acquire the capital of British Plywood Manufacturers for £315,000 cash.

British Plywood is a manufacturer, importer and merchant of plywood, blackboard and veneers, and the directors of Thames say they expect the acquisition to benefit both companies in terms of raw material supplies and additional sales outlets.

The net tangible assets of British Plywood at June 30, 1978, amounted to £206,317 and profits before tax were £67,481. Profits before tax for the preceding 12 months to December 31, 1977, were £82,248.

The Board of Thames proposes to carry out a group reorganisation at the time of this acquisition and shareholders consent will be sought to revise the memorandum and articles of Thames to establish it as a holding and co-ordinating company, and to change its name to Ashley Industrial Trust.

Approval will be sought to transfer the existing manufacturing business and assets of Thames into a new wholly-owned subsidiary which will take over the name of Thames Plywood.

Announcing the acquisition Thames also reports results for the six months to October 31, 1978. These show turnover of £1.4m (£1.09m) and profits of £35,000 (£34,000), after tax and extraordinary debits of £18,000. No temporary employment subsidy is included this time compared with £47,000.

The net interim dividend is lifted from 0.75p to 1p. Last year's total was 2p from pre-tax profits of £191,000.

Ignoring the effects of the proposed acquisition, it is expected that the profits before tax, of the second half will be similar to those of the first half.

Confirmation has been received from the Treasury that the company will not be subject to the existing regulations on dividend restraint in respect of its current and the succeeding accounting year.

The directors intend to review the amount of final dividend which it will be their intention to recommend after the effects of consolidation have been established.

Freeport has a better year

BY KENNETH MARSTON, MINING EDITOR

FOLLOWING A buoyant fourth quarter, when earnings totalled $9.39m (£4.71m), total net income for 1978 of America's Freeport Minerals have advanced to $31.3m, or $2.07 per share, from $21.2m in 1977.

An important factor in the 1978 results is the absence of a debit charge from the struggling Greenvale nickel-cobalt operation in Australia where Freeport is partnered with Metals Exploration. In 1977 Freeport's share of the Greenvale loss was $9m, but by the end of the year Freeport had fully written off its investment in the operation. The latter's losses are now not charged against Freeport's net income.

Greenvale's revenue has been running ahead of operating costs and should be doing better now with the rise in the price of cobalt, but there are heavy accumulated losses. Following the latest debt restructuring agreement, repayments start this year and will be made out of cash generated in excess of that required to maintain working capital at a safe level.

Freeport's Indonesian copper subsidiary made a profit last year of $1m following a loss of $6.2m in 1977. The latter's new Ertsberg East orebody, which will eventually replace the existing Ertsberg orebody, is now reckoned to hold some 45m tons of ore above the 3,350 metre level with an average copper content of some 2.75 per cent, plus gold and silver contents equal to around 12 cents per lb of copper at present market value.

In the U.S. the $36m uranium recovery project at Uncle Sam, Louisiana, which started up last year is expected to be operating at a profit from now on. Mr. Paul Douglas, says that overall prospects for the current half-year appear to be bright. Looking to future growth and other needs, the company has arranged a bank loan of $30m plus an additional revolving standby credit of $70m.

NO EXPANSION AT CANADA'S GOLD MINES

The president of one of Canada's major gold-mining companies said yesterday that higher gold prices have not brought Canada to the point of expanding gold mines or developing new ones.

Mr. Malcolm Taschereau, president of Dome Mines, said that escalating costs of labour, supplies and operations and of searching for narrow veins at great depths had nearly kept pace with the rising prices of gold. Furthermore, higher taxes and disputes between the Federal and Provincial governments on the ownership of resources had created an uncertain climate.

However, Mr. Taschereau was hopeful that eventually the picture could brighten. "We for the last 40 years have found an average grade of 0.2 ounce per ton, the absolute minimum required for consideration of production," he said. But "the day may not be far off when 0.1 ounce, or even less will justify the investment in a mining plant. This could change the whole picture."

Middle Wits is doing well

EARNINGS of the South African Anglo-Transvaal group's mining finance company, Middle Witwatersrand (Western Areas) for the half-year to December 31 have advanced to R2.35m (£1.36m) from R1.4m in the same period of 1977. For the full year to June 30 last they totalled R3.77m.

In order to avoid undistributed profits tax, the company earlier declared two interims for the current year of 3.5 cents and 9 cents, respectively. A final should be declared in June. The total of 25 cents for 1977-78 was made up of a single interim of 10 cents and a final of 15 cents.

Of the latest earnings per share of 24.6 cents, 4.5 cents represented sharedealing profits. Gold provides the bulk of Middle Wits' investment income and this source together with uranium accounted for 75 per cent of the total in the year to last June. A further 23 per cent came from the base-metal and other mineral interests and the remaining 2 per cent from mining finance.

Earnings have thus been lifted in line with the rising flow of gold mining dividends and this trend is continuing in the current half year.

These interests include, however, holdings in Consolidated Murchison and Prieska which have been going through a bad patch. On the other hand, that of Palabora continues to pay well and the outlook is set fair at the moment for the stake in Rustenburg Platinum. Middle Wits were 6p down at 214p yesterday.

COMPANY NOTICES

THE RANDFONTEIN ESTATES GOLD MINING COMPANY, WITWATERSRAND, LIMITED
(Incorporated in the Republic of South Africa)

DIVIDEND NO. 87

ON SHARE WARRANTS TO BEARER

Pursuant to the notice published on 8th December, 1978, members are informed that the rate of exchange at which payments of the above dividend are to be despatched by the United Kingdom Paying Agents on 5th February, 1979, is 1 Rand of 100 cents equals 57.6161p United Kingdom Currency. The gross dividend payable by the United Kingdom Paying Agents is therefore equivalent to 144.0402p.

Holders of Share Warrants to Bearer are informed that payment of dividend No. 87 will be made on or after 9th February, 1979, upon surrender of Coupon No. 87 at the London Bearer Reception Office, 40 Holborn Viaduct, London EC1P 1AJ.

	Amount Payable per share (U.K. currency)
Equivalent in United Kingdom currency of dividend declared	144.0402
Less: South African Non-Resident Shareholders' Tax at 15%	21.6060
AMOUNT PAYABLE WHERE A U.K. INLAND REVENUE DECLARATION IS LODGED WITH COUPONS	122.4342
Less United Kingdom Income Tax at 18% on the gross dividend (see Notes 1 and 2 below)	25.9272
AMOUNT PAYABLE WHERE COUPONS ARE LODGED WITHOUT UNITED KINGDOM INLAND REVENUE DECLARATIONS	96.5070

COUPONS must be listed in duplicate on forms obtainable from the London Bearer Reception Office and deposited for examination on any week-day (Saturday excepted) at least seven clear days before payment is required.

BARNATO BROTHERS LIMITED, London Secretaries, O. W. J. PHILLIPS, Secretary.

99 Bishopsgate, London, EC2M 3XE. 30th January 1979.

NOTES:

(1) The gross amount of the dividend for use for United Kingdom income and surtax purposes is 144.0402p.

(2) Under the Double Taxation Agreement between the United Kingdom and the Republic of South Africa, South African Non-Resident Shareholders' Tax applicable to the dividend is allowable as a credit against the United Kingdom Tax payable in respect of the dividend. The deduction of tax at the reduced rate of 18% instead of at the standard rate of 33% represents an allowance of credit at the rate of 15% in respect of South African Non-Resident Shareholders' Tax.

WEST RAND CONSOLIDATED MINES LIMITED
(Incorporated in the Republic of South Africa)

COUPON No. 95

HOLDERS OF SHARE WARRANTS TO BEARER are informed that they will, on or after 9th February 1979, be paid 4.887570 per share, U.S.750086 ... [illegible]

... [illegible]

Listing forms can be obtained from the National Westminster Bank Limited, at the address shown above.

GENERAL MINING AND FINANCE CORPORATION LIMITED London Secretaries per L. W. HUMPHRIES

31st January, 1979. London Office: Princes House, 95 Gresham Street, London EC2V 7BS.

NOTE: Under the double tax agreement between the United Kingdom and the Republic of South Africa, the South African non-resident shareholders' tax applicable to the dividend is allowable as a credit against the United Kingdom tax payable in respect of the dividend. The deduction of tax at the reduced rate of 15% instead of the standard rate of 33% represents an allowance of credit at the rate of 15%.

KOMISHIROKU PHOTO INDUSTRY CO. LIMITED

NOTICE TO EDR HOLDERS

Further to Notice of December 13, 1978 The Chase Manhattan Bank N.A. announces that the interim dividend of Yen 3.75 per share has been converted to U.S. Dollars and amounts to U.S.$18.83 gross per EDR. Accordingly, EDR holders may ... [illegible] ... The Chase Manhattan Bank N.A., Woolgate House, Coleman Street, London EC2P 2HD; ... [illegible]

THE CHASE MANHATTAN BANK N.A., LONDON as Depositary

January, 1979.

VICKERS LIMITED

NOTICE IS HEREBY GIVEN that, in respect of registered holders of the Company's Preferred 5% Stock, 5% Preference Stock and Cumulative Preference Stock at the close of business on 28th February 1979, warrants for final dividends in respect of the year 1979 will be posted on 28th March 1979 for payment on 30th March 1979; the respective REGISTERS OF MEMBERS will not however be closed for the preparation of such warrants.

By Order of the Board, H. E. SCROPE, Secretary.

DECCA LIMITED

INTERIM REPORT

Half year to 30th September, 1978

The profits of the Group for the half year to 30th September 1978, based on unaudited accounts, are set out below compared with the corresponding period of 1977 and the year 1977/78.

	Six months to 30th Sept. 1978 (Exc. Associates) £'000	Six months to 30th Sept. 1977 (Exc. Associates) £'000	Year to 31st March 1978 (Inc. Associates) £'000
GROUP TURNOVER —			
Capital Goods	50,600	49,400	107,300
Consumer Goods	35,000	35,100	79,000
TOTAL	85,600	84,500	186,300
TRADING PROFIT before charging Depreciation Interest and Taxation	7,978	9,700	21,703
Less Depreciation and Amortisation	3,675	3,201	6,789
PROFIT BEFORE INTEREST AND TAXATION	4,303	6,499	14,914
Less Interest Payable (net)	1,840	1,275	2,610
PROFIT BEFORE TAXATION	2,463	5,224	12,304
Provision for Taxation	1,175	3,200	6,864
PROFIT AFTER TAXATION	1,288	2,024	5,440
Attributable to Minority Shareholders in Subsidiaries	131	359	652
PROFIT ATTRIBUTABLE TO DECCA LTD. BEFORE SPECIAL ITEMS	1,157	1,665	4,788
Special items—net effect of changes in foreign exchange rates on net current assets	(502)	(139)	(488)
—net costs of factory closure and loss on disposal of a trading activity	(144)	(317)	(205)
NET PROFIT ATTRIBUTABLE TO DECCA LTD.	511	1,209	4,095
Comparative group figures for profit/(loss) before interest and taxation are:			
Capital Goods	4,370	7,054	14,413
Consumer Goods	(67)	(555)	501
	4,303	6,499	14,914

The Directors have declared an interim dividend for the year to 31st March 1979 of 3.3p per share (same last year) on the Ordinary and "A" Ordinary Shares, each of 25p to shareholders on the register at the close of business on 30th March 1979, payable on 27th April 1979, absorbing £620,719 (same last year).

Severe industrial action in our Navigator and Radar companies has resulted in appreciably reduced group profits for the half year to September 1978. Higher costs, interest charges and the strength of sterling also contributed to the fall in group pre-tax results.

Marine radar margins have narrowed and group profits for the year as a whole will be considerably lower than for the previous year. However, further significant orders for defence equipment have been received which should bring higher profits for the year to March 1980 and subsequently.

30th January, 1979.

BOND DRAWINGS

SOCIETE NATIONALE DES CHEMINS DE FER FRANCAIS S.N.C.F.

7¾% 1971/1986 Loan of UA 13,000,000

On 10th January 1979 bonds for the amount of UA 610,000 have been drawn in the presence of a Notary Public for redemption on March 25, 1979.

The following UA 1000 bonds have been drawn and will be reimbursed at par coupon No. 8 attached on or after March 25, 1979:

1864 to 1879 inclusive
1895 to 1906 inclusive
1912 to 1916 inclusive
1918 to 1953 inclusive
1959 to 1975 inclusive
1996 to 2008 inclusive
2026 to 2030 inclusive
2089 to 2180 inclusive
2212 to 2214 inclusive
2218 to 2219 inclusive
2225 to 2248 inclusive
2251 to 2267 inclusive
2273 and 2274
2278 to 2283 inclusive
2288 to 2301 inclusive
2308 to 2324 inclusive
2326
2328 to 2334 inclusive
2338 to 2355 inclusive

Amount redeemable: UA 900,000
Amount purchased in the market: UA 290,000
Outstanding drawn bonds none

Further to the notice published in the press on November 24, 1978 S.N.C.F. will on March 25, 1979 ... [illegible] ... of their nominal amount.

Luxembourg, January 31, 1979

Trustee
FINIMTRUST S.A.

BOND DRAWINGS

COMPAGNIE FINANCIERE ET INDUSTRIELLE DES AUTOROUTES—COFIROUTE

9¾ 1974/1989 Loan of UA 17,000,000

We inform bondholders that bonds for a total amount of UA 340,000 were drawn on January 18, 1979 in the presence of a Notary Public, for redemption on March 12, 1979.

The following UA 1000 Bonds will be reimbursed at par, coupon No. 8 attached, as from March 12, 1979:

13883 to 13922 inclusive

Amount subject to redemption: UA 340,000
Amount outstanding: UA 15,300,000
Outstanding drawn Bonds:

1781 · 1807 · 1968 to 1973 inclusive · 2021 to 2024 inclusive · 2074 to 2077 inclusive · 9276 and 9277 · 12881 · 1789 · 1956 to 1959 inclusive · 2001 to 2004 inclusive · 2031 to 2040 inclusive · 9265 to 9255 inclusive · 9203 · 12931 to 12933 inclusive

Luxembourg, January 31, 1979.

Trustee
FINIMTRUST S.A.

LEGAL NOTICES

In the HIGH COURT OF JUSTICE (Chancery Division) Companies Court. In the Matters of:

No. 00137 of 1979
TIMAR HAULAGE LIMITED
No. 00135 of 1979
PLANNING AND OPERATING PROMOTIONS LIMITED
No. 00126 of 1979
DEBORAH AND CLARE LIMITED
No. 00125 of 1979
WARDEN BAY GARAGE LIMITED
No. 00121 of 1979
C.Y. FASHIONS LIMITED

and in the Matter of the Companies Act, 1948.

NOTICE IS HEREBY GIVEN that Petitions for the winding-up of the above-named Companies by the High Court of Justice were, on the 15th day of January 1979, presented to the said Court by THE COMMISSIONERS OF CUSTOMS AND EXCISE of King's Beam House, 39/41 Mark Lane, London, EC3R 7HE, and that the said Petitions are directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London, WC2A 2LL on the 19th day of February 1979, and any creditor or contributory of any of the said Companies desirous to support or oppose the making of an Order on any of the said Petitions may appear at the time of hearing in person or by his Counsel for that purpose; and a copy of the Petition will be furnished to any creditor or contributory of any of the said Companies requiring such copy on payment of the regulated charge for the same.

G. F. GLOAK,
King's Beam House,
39/41 Mark Lane,
London, EC3R 7HE.
Solicitor to the Petitioners.

NOTE—Any person who intends to appear on the hearing of any of the said Petitions must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm, the name and address of the firm, and must be signed by the person or firm, or his or their Solicitor (if any), and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than 4 o'clock in the afternoon of the 16th day of February 1979.

BY ORDER of the Lord Bishop of Chichester. The Rectory, Chailey ... [illegible] ... Walker, Battle 2237.

No. 00199 of 1979

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of V.M. REALISATIONS LIMITED and in the Matter of THE COMPANIES ACT, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 19th day of January 1979, presented to the said Court by STRONG ELECTRIC CORPORATION (G.B.) LIMITED, R/O 330/232 Purley Way, Croydon, Surrey, CR0 4XG, by its Receiver P. Rangert, 18a, St. James Street, London, SW1A 1EH, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London, WC2A 2LL on the 19th day of February 1979, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

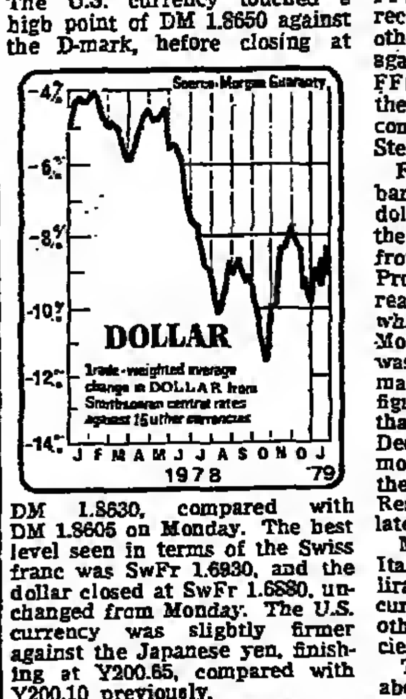
WM. F. PRIOR & CO.,
Temple Bar House,
23/28 Fleet Street,
London, EC4Y 1AA
Ref: TB/MAO. Tel: 01-353 3671.
Solicitors for the Petitioner.

NOTE—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 16th day of February 1979.

Companies and Markets CURRENCIES, MONEY and GOLD

Trade figures help dollar

The dollar finished below its best levels of the day, after gaining ground on publication of the U.S. trade figures for December. The deficit of $2.04bn was slightly worse than the previous month, but may have been slightly better than expected in some quarters. Trading volume was quiet throughout the day however, with all currencies moving within a narrow band. The U.S. currency touched a high point of DM 1.8650 against the D-mark, before closing at DM 1.8630, compared with DM 1.8605 on Monday. The best level seen in terms of the Swiss franc was SwFr 1.6830, and the dollar closed at SwFr 1.6880, unchanged from Monday. The U.S. currency was slightly firmer against the Japanese yen, finishing at Y200.65, compared with Y200.10 previously.



On Morgan Guaranty figures, the dollar's trade-weighted depreciation was unchanged at 8.3 per cent.

Sterling's trade-weighted index, as calculated by the Bank of England, rose to 63.5 from 63.4, and stood at 63.5 throughout.

The pound opened at $1.9955-$1.9965, and traded within a range of $1.9940-1.9985, before closing at $1.9955-1.9965, a rise of 10 points on the day.

NEW YORK — The dollar strengthened against other currencies after the announcement of a trade deficit of $2.04bn for the U.S. in December, compared with $1.95bn in November, and $2.13bn in October.

AMSTERDAM—The dollar was fixed at Fl 2.0065 against the guilder, compared with Fl 2.0125 on Monday. In late trading the U.S. currency rose to Fl 2.0090.

PARIS—The dollar improved in late trading, as a reaction to the U.S. December trade figures, which were slightly better than expected. The U.S. currency closed at FFr 4.2700-4.2750, compared with FFr 4.2650-4.2700 at the fixing, and FFr 4.2737½ at the finish on Monday. The highest level touched yesterday was about FFr 4.2800. Little change was recorded by the franc against other currencies, with the rate against the D-mark unchanged at FFr 2.2960, and the rate against the Swiss franc at FFr 2.5315, compared with FFr 2.5325. Sterling improved to FFr 8.5290.

FRANKFURT — The Bundesbank did not intervene when the dollar eased to DM 1.8583 against the D-mark at yesterday's fixing, from DM 1.8645 on Monday. Profit taking was the probable reason for the dollar's decline, which began in late trading on Monday. Despite this, trading was generally quiet, as the market awaited the U.S. trade figures. A somewhat smaller than expected trade deficit in December, and comments about monetary policy and inflation by the chairman of the Federal Reserve, boosted the dollar in late trading. It rose to DM 1.8625.

MILAN—The political crisis in Italy failed to put pressure on lira yesterday, even though the currency lost ground against most other major European currencies.

TOKYO—The dollar closed above the Y200 level against the yen for the first time this year, helped by buying from Japanese companies for import settlements, while selling by exporters, totalling $280m, failed to depress the U.S. currency. Statistics issued by the authorities on the wholesale price index, and the economic trends index had no significant impact on trading, which was described as quiet, with dealers waiting for the U.S. trade figures. The dollar opened at Y199.80, and showed little movement either side of the Y200 level throughout, with no indication of any intervention by the Bank of Japan, after some support for the yen on Monday. A flurry of late activity pushed the dollar to a high point of Y200.35, and it closed at Y200.32½, compared with Y199.92½ previously.

THE POUND SPOT

Jan. 30	Bank rate %	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	9½	1.9940-1.9985	1.9955-1.9965	[illegible]	[illegible]	[illegible]	[illegible]
Canadian	11¼	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Guilder	6½	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Belgian F	6	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Danish K	8	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
D mark	3	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Port. Esc.	18	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Span. Pes.	8	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Lira	10½	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nrwgn. K.	7	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
French Fr.	9½	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Swedish Kr	6½	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Yen	3½	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Austria Sch	4	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Swiss Fr.	1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Belgian rate is for convertible francs. Financial franc 59.45-59.55.

Six-month forward dollar 2.32-2.22c pm, 12-month 4.20-4.10c pm.

THE DOLLAR SPOT AND FORWARD

Jan. 30	Day's spread	Close	One month	% p.a.	Three months	% p.a.
Canada†	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nethlnd.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Belgium	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Denmark	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
W. Ger.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Portugal	47.08-47.25	47.08-47.18	27-37c dis	[illegible]	90-115c dis	[illegible]
Spain	69.88-70.02	69.93-69.98	20-33c dis	−4.87	85-98c dis	[illegible]
Italy	840.80-842.25	841.00-841.50	1.60-2.10lire dis	−2.83	4.35-5.10lire dis	[illegible]
Norway	5.1065-5.1125	5.1065-5.1085	1.70-1.30ore pm	4.40	4.70-4.30ore pm	[illegible]
France	4.2710-4.2770	4.2710-4.2735	0.97-0.87c pm	2.71	2.57-2.42c pm	[illegible]
Sweden	4.3745-4.3780	4.3750-4.3760	0.75-0.55ore pm	2.20	2.70-2.50ore pm	[illegible]
Japan	200.10-200.50	200.30-200.50	1.40-1.30y pm	8.09	4.03-3.88y pm	[illegible]
Austria	13.62½-13.64½	13.62½-13.63½	8.50-5.50gro pm	4.72	19-18.25gro pm	[illegible]
Switz.	1.6875-1.6930	1.6875-1.6890	1.35-1.30c pm	10.07	4.37-4.32c pm	[illegible]

† U.S. cents per Canadian $.

CURRENCY RATES

January 29	Special Drawing Rights	European Unit of Account
Sterling	0.644656	0.676857
U.S. dollar	1.28518	1.34820
Canadian dollar	1.53439	1.60928
Austrian schilling	17.5525	18.3854
Belgian franc	37.7606	39.5562
Danish krone	6.63672	6.96671
Deutsche Mark	2.39824	2.51158
Guilder	2.58644	2.71163
French franc	5.50511	5.76895
Lira	1081.49	1134.51
Yen	256.909	269.982
Norwegian krone	6.59045	6.90936
Peseta	89.9376	94.2487
Swedish krona	5.64006	5.90811
Swiss franc	2.17711	2.28134

CURRENCY MOVEMENTS

January 30	Bank of England Index	Morgan Guaranty changes %
Sterling	63.48	−40.7
U.S. dollar	84.41	−8.3
Canadian dollar	78.89	−18.8
Austrian schilling	146.91	+19.8
Belgian franc	114.83	+15.7
Danish krone	119.12	+7.8
Deutsche Mark	150.58	+41.7
Swiss franc	193.39	+81.2
Guilder	124.85	+20.9
French franc	99.71	−5.8
Lira	54.23	−49.2
Yen	144.20	+42.8

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

OTHER MARKETS

Jan. 30	£	$		£ Note Rates
Argentina Peso	2,070-2,110	1037-1057	Austria	26½-27½
Australia Dollar	1.7550-1.7600	0.8801-0.8813	Belgium	59-60
Brazil Cruzeiro	42.83-43.83	21.47-21.96	Denmark	10.22-10.32
Finland Markka	7.94-7.93	3.9810-3.9830	France	8.47-8.57
Greek Drachma	71.749-73.503	35.95-36.82	Germany	3.64-3.74
Hong Kong Dollar	9.48½-9.50½	4.7530-4.7620	Italy	1,650-1,700
Iran Rial	152.50-162.60	76½-81½	Japan	397-407
Kuwait Dinar (KD)	0.542-0.552	0.2715-0.2765	Netherlands	3.95-4.05
Luxembourg Frc.	58.45-58.55	29.29-29.38	Norway	10.15-10.25
Malaysia Dollar	4.3825-4.3950	2.1956-2.2019	Portugal	90-99
New Zealand Dlr.	1.8890-1.8960	0.9475-0.9497	Spain	141-146
Saudi Arab. Riyal	6.62-6.72	3.3166-3.3667	Switzerland	3.30-3.40
Singapore Dollar	4.2975-4.3100	2.1530-2.1583	United States	1.9940-2.0040
Sth. African Rand	1.7838-1.7480	0.8636-0.8757	Yugoslavia	40-42

Rate given for Argentina is free rate.

EXCHANGE CROSS RATES

Jan. 30	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'r	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.996	3.720	401.0	8.322	3.370	4.013	1677.	2.381	58.30
U.S. Dollar	0.501	1.	1.864	200.9	4.272	1.688	2.010	840.2	1.193	29.31
Deutsche mark	0.269	0.537	1.	107.8	2.292	0.906	1.079	450.8	0.640	15.73
Japanese Yen 1,000	2.494	4.978	9.277	1000.	21.27	8.404	10.01	4182.	5.936	145.9
French Franc 10	1.173	2.341	4.362	470.2	10.	3.952	4.705	1967.	2.792	68.60
Swiss Franc	0.297	0.592	1.104	119.0	2.530	1.	1.191	497.6	0.706	17.36
Dutch Guilder	0.249	0.497	0.927	99.94	2.123	0.840	1.	417.9	0.593	14.38
Italian Lira 1,000	0.596	1.190	2.218	239.2	5.085	2.010	2.393	1000.	1.419	34.88
Canadian Dollar	0.420	0.838	1.563	168.5	3.582	1.416	1.686	704.5	1.	24.57
Belgian Franc 100	1.709	3.412	6.358	685.5	14.58	5.761	6.859	2867.	4.069	100.

EURO-CURRENCY INTEREST RATES

Jan. 30	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
Short term	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	8-10	—	−1 4⅝
7 day's notice	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	10½-11½	10⅝-10⅞	7/16-1
Month	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	11-12	10⅝-10¾	1¼-2 1/16
Three months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	12-13	11¼-11⅜	2⅜-2⅞
Six months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	13½-14½	11⅜-11⅝	2 15/16-3 3/16
One year	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	14-15	11 1/16-11 3/16	3 [illegible]-4 [illegible]

The following nominal rates were quoted for London dollar certificates of deposit: one month 10.30-10.40 per cent; three months 10.55-10.65 per cent; six months 10.90-11.00 per cent; one year 10.95-11.05 per cent.

Long-term Eurodollar deposits: two years 10⅝-10⅞ per cent; three years 10⅝-10⅞ per cent; four years 10⅝-10⅞ per cent; five years 10⅝-10⅞ per cent; nominal closing rates. Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two-day call for guilders and Swiss francs. Asian rates are closing rates in Singapore.

INTERNATIONAL MONEY MARKET

New York rates easier

Interest rates in New York tended to ease slightly yesterday, as the U.S. trade deficit for December met with a favourable reaction. 13-week bills eased to 9.26 per cent from 9.35 per cent earlier and 26-week bills fell from 9.41 per cent to 9.37 per cent. One year bills were also quoted at 9.37 per cent compared with 9.40 per cent. Despite Monday's decrease by various banks in their broker loan rates, any general fall in rates at the moment would be fraught with danger and Federal funds were trading at 10 per cent, only slightly easier than Monday.

BRUSSELS—Deposit rates for the Belgian franc (commercial) continued their easier trend yesterday and one-month deposits declined to 8¼-8⅜ per cent from 8⅜-8½ per cent. Three-month deposits fell from 8⅜-8½ per cent to 8¼-8⅜ per cent while rates for six and 12-month were both unchanged at 8⅜-8½ per cent. Call money fell to 4.85 per cent compared with 5.35 per cent on Monday.

FRANKFURT — Call money continued to decline yesterday and reached 0.25-1.0 per cent compared with 1.0-2.0 per cent on Monday. One-month money eased to 3.8-4.0 per cent from 4.0-4.1 per cent, while three- and six-month rates were unchanged at 4.1-4.2 per cent and 4.2-4.3 per cent respectively. 12-month money was quoted at 4.4-4.6 per cent from 4.5-4.6 per cent previously.

PARIS—Money rates showed very little change yesterday, with call money at 6¾ per cent, one-month at 6⅝-6¾ per cent, and three-month at 6⅝-6¾ per cent. The six-month rate was quoted at 6⅞-6⅞ per cent with 12-month money at 7⅛-7¼ per cent.

AMSTERDAM — Interbank money market rates were generally unchanged from Monday, with call money at 8¼ per cent, one-month money at 8-8¼ per cent and three-month money at 8-8¼ per cent. Six-month money was quoted at 7¾-8 per cent.

GOLD

Weaker trend

Gold fell $4½ to close at $231-231¾, the lowest level of the day. The metal opened at $233½-234¼, and was fixed at $233.65 in the morning and $233.50 in the afternoon. Selling in New York depressed gold, with further downward pressure following the publication of the U.S. trade figures.

In Paris the 12½ kilo gold bar was fixed at FFr 31,750 per kilo ($231.24 per ounce) in the afternoon, compared with FFr 31,900 ($232.09) in the morning and FFr 31,800 ($230.90) Monday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 14,005 per kilo ($233.96 per ounce) compared with DM 14,010 ($233.71) on Monday.

	January 30	January 29
Gold Bullion (fine ounce)		
Close	$231-231¾	$235½-236¼
Opening	$233½-234¼	$235-235¾
Morning fixing	$233.65 (£116.964)	$234.05 (£117.513)
Afternoon fixing	$233.50 (£116.984)	$232.20 (£117.893)
Gold Coins, domestically		
Krugerrand	$255¼-257¼ (£128-129)	$253¾-255¾ (£127½-128½)
New Sovereigns	$66¼-68¼ ($33¼-34¼)	$66¼-68¼ (£33¼-34¼)
Old Sovereigns	$69-70 (£34-35)	$69-71 (£34½-35½)
Gold Coins, internationally		
Krugerrand	[illegible]	[illegible]
New Sovereigns	[illegible]	[illegible]
Old Sovereigns	[illegible]	[illegible]
$20 Eagles	[illegible]	[illegible]
$10 Eagles	[illegible]	[illegible]
$5 Eagles	[illegible]	[illegible]

UK MONEY MARKET

Small assistance

Bank of England Minimum Lending Rate 12½ per cent (since November 9, 1978)

After an original forecast of a small surplus, the Bank of England eventually bought a small amount of Treasury bills, all direct from the discount houses to relieve the shortage. Discount houses were paying around 11 per cent for secured call loans at the start, and closing balances were taken between 11 per cent and 12½ per cent. The market was faced with a small increase in the note circulation and the repayment of Monday's small official advances. There was also the unwinding of eligible bills sold back to the market, on a previous sale and repurchasing agreement.

On the other hand, banks brought forward balances a little way above target and there was a very small amount of Treasury bills maturing outside official hands. In the interbank market, overnight loans opened at 11¾-11⅞ per cent and eased on the original forecast to 11¼-11½ per cent. Rates then firmed to 13-13½ per cent with a lot of the day's business at 12 per cent, before easing to 11¼-11½ per cent and fluctuating between 11½ per cent and 12 per cent. Closing balances were taken at 14-15 per cent.

Rates in the table below are nominal in some cases.

LONDON MONEY RATES

Jan. 30 1979	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	11¼-15	—	[illegible]	—	[illegible]	[illegible]	—	—	—
2 days notice	—	—	[illegible]	—	—	—	—	—	—	—
7 days or	—	—	[illegible]	—	—	—	—	—	—	—
7 days notice	—	[illegible]	[illegible]	—	—	[illegible]	[illegible]	—	—	—
One month	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Two months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Three months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Six months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nine months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—	—	—	—	—
One year	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—	—	—	—	—
Two years	—	—	[illegible]	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. Long-term local authority mortgage rates nominally three years 13-13¼ per cent; four years 13¼-13½ per cent; five years 13½-13¾ per cent. ♦ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 12⅝-12¾ per cent; four-month trade bills 13½ per cent.

Approximate selling rates for one-month Treasury bills 11⅝ per cent; two-month 11⅝ per cent; three-month 11¾ per cent. Approximate selling rate for one-month bank bills 12⅛-12¼ per cent; two-month 12¼ per cent; and three-month 12¼-12⅜ per cent. One-month trade bills 13 per cent; two-month 13½ per cent; and also three-month 13½ per cent.

Finance House Base Rates (published by the Finance Houses Association) 12½ per cent from January 1, 1979. Clearing Bank Deposit Rates for small sums at seven days' notice 10 per cent. Clearing Bank Rates for lending 12½ per cent. Treasury Bills: Average tender rates of discount 11.0863 per cent.

MONEY RATES

NEW YORK
[illegible]

GERMANY
[illegible]

FRANCE
[illegible]

JAPAN
[illegible]

INTERNATIONAL COMPANIES and FINANCE

Noranda set on an upward course

BY ROBERT GIBBENS, Montreal Correspondent

MAINLY BECAUSE of its name and long association with copper and zinc in Canada, Noranda Mines tends to be classified as a mining stock. But in the past 15 years it has been transformed into one of the country's largest resource groups, with a strong manufacturing arm, plus international operations including a growing stake in the U.S. primary aluminium and fabricating industries.

There are other reasons for watching Noranda. Argus Corporation, the big Toronto holding company founded by a Toronto financier, Mr. E. P. Taylor, and associates, and now tightly controlled by a group headed by 36-year-old Mr. Conrad Black, holds around 10 per cent of Noranda's outstanding shares through its Hollinger Mines affiliate.

The relationship between Argus and Noranda was cemented by the old management of Argus around 15 years ago. At that time there was speculation that Mr. Taylor was out for control of Noranda, but the stockholding through Hollinger has remained around 10 per cent—reduced recently from 10.7 per cent to about 9 per cent through the issue by Noranda of shares for consolidation of certain mining subsidiaries.

This was about the time when Mr. John Bradfield, the well-known Canadian mining engineer who had been with Noranda since the early days and development of the old Horne copper mine in north-western Quebec, handed over the presidency to Mr. Alfred Powis, with a mandate to turn the company into a fully-rounded resource and manufacturing concern with international ramifications.

The market gossip for some time has been that the new group at Argus—which controls the troubled Massey-Ferguson farm machinery giant, and several other companies besides Hollinger—wants an active say and a boardroom seat at Noranda. But Mr. Powis, the architect of Noranda's tremendous expansion, is said either to have refused or to have set strict conditions.

Noranda's earnings appear to be set on a solid upward course, barring a full North American recession.

Shareholder

Though Argus - Hollinger appears to be the largest single shareholder in Noranda, two Noranda associates, Placer Development, Vancouver, itself a large resource company, and Kerr Addison, an Ontario mining company, together hold more. And Noranda effectively controls Placer and Kerr.

Hollinger itself grew from the old Hollinger gold mine of Northern Ontario, now worked out. It controls Labrador Mining and Exploration and has a major stake in Iron Ore of Canada, the country's largest iron ore producer. It accumulates significant amounts of cash through iron ore mining royalties and dividends.

At end-1978 it showed no debt, but around $50m in cash or equivalent, and analysts estimate amounts available for investing in such a target as Noranda from about $150m-$200m.

Hollinger recently made a sizeable move into oil and gas, investing around C$40m in Bow Valley Industries stock. Bow Valley is a Canadian and international energy company.

It is estimated that the total percentage of Noranda stock held by the immediate management group and associated companies amounts to about 15 per cent.

Noranda, with around C$2bn assets, earned C$67m on revenues of C$1.3bn in 1977. Net profit, equal to C$2.85 a share, was helped strongly by aluminium, manufacturing and forest products. The depression in most base metals prices since the commodity boom of 1973-74 held the company's profits down, but they are now climbing out of the trough.

Estimates for 1978 profits range around C$4.50 a share, with perhaps another C$1 a share increase in 1979. The lower value of the Canadian dollar has been helping. Good contributions came from forest products and aluminium again in 1978, and also from lead, molybdenum and precious metals. These trends should continue in 1979 and copper and zinc prices should pick up.

Gold

Noranda group mineral production last year in Canada included 211,000 tons of copper, 422,000 tons of zinc, 74,000 tons of lead, 8.8m ounces of silver, 293,000 ounces of gold, 2.8m pounds of molybdenum and 1.5m tons of potash. It operates two copper smelters with 340,000 tons yearly capacity, one of the world's largest copper refineries (480,000 tons capacity) and a major zinc reduction plant (225,000 tons).

It makes copper and aluminium wire, and cable, a wide range of copper and copper-based alloy products, and aluminium wire, rod, foil and sheet besides primary ingot in Missouri.

It is a major producer of lumber, newsprint and fine paper through British Columbia Forest Products (jointly controlled with Mead Corp. of U.S.) and Northwood Pulp in the West and Fraser Companies in the East.

However Noranda has also been quietly investing in oil and gas for several years. It owns 32 per cent of Candian Export Oil and Gas, Calgary, and 75 per cent of Canadian Hunter Exploration, whose gas finds at Elmworth, on the Alberta-British Columbia border near Grand Prairie, have already begun to influence the Canadian energy supply picture significantly.

The Canadian Hunter interest would be reduced to about 65 per cent under the recent farm-in deal with Imperial Oil (Exxon), which has a $150m development programme. Cash flow from Elmworth is expected to start in the early 1980s.

Noranda has taken a strong technical lead in metallurgy, having developed the world's first continuous copper smelting and converting process. This is in operation at the Northwestern Quebec smelter. It has shown higher metal recoveries and lower fuel consumption. The system has been licensed to Kennecott Copper and the first U.S. operation is due to start up shortly.

Uranium

Through its subsidiary Canada Wire and Cable, it has recently moved into fibre optics development, and has bought an interest in a U.S. firm with advanced manufacturing technology.

The group is also prominent in uranium through Agnew Lake Mines in Northern Ontario and active exploration programmes in many areas including Northern Saskatchewan. It operates a new nuclear tubing plant in Ontario. There are also uranium mining interests in Australia.

Besides selling its products in the U.S., Europe and many other countries, Noranda has large mineral exploration programmes in the U.S., is moving back into copper development in Chile, and owns a major stake in the Irish lead-zinc producer Tara. It participates in ocean mining development.

There are wire, tube, paper and board operations in the U.S., wire operations in Latin America, New Zealand, Australia and South Africa, fluorspar mining in Mexico, gold in Nicaragua, alumina in Guinea and copper interests through associate Placer Development in the Philippines.

In 1977 mining and metals provided the largest single proportion of earnings, followed by forest products, and then manufacturing and investments.

The 1977-78 improvement in earnings and prospective gains in 1979 are enabling Noranda to handle its debt and capital spending programmes more comfortably. This will not be lost on the planners in the new Argus controlling group.

NORTH AMERICAN NEWS

McGraw board to decide policy today on Amex bid

BY STEWART FLEMING IN NEW YORK

THE BOARD of publishers McGraw-Hill will be faced this morning with a decision on what policy to adopt towards the $1bn merger offer which American Express proposed on Monday.

Then American Express backed away from a bitterly opposed takeover by McGraw-Hill at $34 a share, but said that if the company's directors would drop their opposition to a merger, they would offer $40 a share.

In the wake of this announcement McGraw-Hill issued a company statement drawing attention to its previous opposition to "any combination of McGraw-Hill and American Express."

In spite of this statement and the evidence that McGraw-Hill is fiercely opposed to a merger, particularly with a financial conglomerate, there is considerable uncertainty on Wall Street about how the company will respond.

While the odds are tilted in the direction of another rejection, the company's directors will have to justify to shareholders a decision which, in effect, will prevent shareholders from making the choice of whether they want to accept or reject an offer which would be worth $15 a share more than McGraw-Hill was quoted at before American Express launched its bid.

The board could face lawsuits from disgruntled shareholders, claiming that it has not fulfilled its fiduciary duty to shareholders if it turns down the offer. Such suits have rarely, if ever, been successful in the past. However, the McGraw-Hill directors will undoubtedly have to justify such a decision. They will be influenced no doubt by the advice on the financial implications of the American Express proposal from investment bank advisers Morgan Stanley, and on the legal implications from the law firms involved.

McGraw-Hill's shares were not traded in on Monday and are not expected to be traded in until the board has reached a decision.

Meanwhile, McGraw-Hill yesterday announced that net earnings for 1978 jumped by 23.9 per cent to $63.7m, or from $2.08 to $2.57 a share. At $761.2m, sales gained 15.5 per cent.

The fourth quarter brought a rise of 19.6 per cent to $18.9m in net earnings, or from 64 cents to 77 cents a share. Sales put on 15.5 per cent to $219.4m.

Management shake-up at Gimbel Bros. and Saks

BY JOHN WYLES IN NEW YORK

BROWN AND WILLIAMSON, the U.S. subsidiary of Britain's BAT Industries, has launched a radical management shake-up of its Gimbel Brothers and Saks Fifth Avenue department store chains.

Both chains have been brought together under the new BWI retail group in a move which apparently reflects dissatisfaction with progress at Gimbel Brothers. Mr. Martin Kramer, the company's chairman and chief executive, is to retire early and Mr. Allan Johnson, chairman of Saks, will head the combined retail group whose sales will total $1.6bn a year. President of the group will be Mr. Robert Suslow, who will also continue as president and chief executive at Saks.

This elevation of the Saks management is clearly a reward for the company's performance since both Gimbels and Saks were acquired for $305m in 1974. Gimbels has had much more difficulty maintaining its share of the tough New York market while its performance in Pittsburgh, Philadelphia and Milwaukee has also been flat.

Stone ends talks with Boise Cascade

By Our New York Correspondent

STONE CONTAINER, a U.S. manufacturer of corrugated containers and paperboard, said it had broken off merger talks with forest products group Boise Cascade, because of the possibility of rival offers.

A week ago, Stone and Boise Cascade announced a $200m merger agreement. The company is controlled by the Stone family and its associates who own 60 per cent of the equity.

Stone did not disclose the identity of the rival suitors and Boise Cascade said it was withdrawing its offer.

Interest in Domtex

Dominion Textile, Canada's largest diversified textile manufacturer, with major interests in the U.S., says an unidentified group of investors has "indicated its intention" to buy a "sizeable number of shares" probably by tender offer in the near future, our Montreal correspondent writes.

Sidor to raise $250m

BY ROSEMARY BURR

VENEZUELA'S state steel company, Siderurgica del Orinoco (Sidor) is raising $250m for the longest term yet achieved on a floating rate basis by a Venezuelan borrower. The loan is being arranged by Barclays Bank International and N. M. Rothschild and Sons.

The 12-year loan compares with the previous maximum for this borrower of 10 years.

ASHLAND OIL'S DIVESTITURE PLAN

A bold bid to boost profitability

BY DAVID LASCELLES IN NEW YORK

WHEN ASHLAND OIL, the 15th largest U.S. oil company, announced last summer that it wanted to sell off its oil producing properties, the news was greeted with a mixture of shock and incredulity. Shock because no one had ever done this before: incredulity because everyone thought oil reserves were supposed to be an oil company's most precious asset.

Six months later, Ashland has already embarked on its new course. A progress report of sorts came out of the annual meeting at its Kentucky headquarters last week, though it threw up few clues to the most enticing question of all: how Ashland proposes to spend the $1bn the divestiture will bring.

At the time of the announcement, Ashland was an integrated oil company with sizable overseas assets, mainly in Canada, the North Sea (the Thistle and Brae fields), Nigeria, The Middle East and Indonesia. It also had large chemical and construction divisions.

Annual sales of over $5bn made it, in the words of its chairman, Mr. Orin Atkins, a "small giant," compared to Exxon (sales over $50bn). Looked at the other way, though, it was also a big midget, with seven refineries in the U.S., and the leading market share in the states in which it operated.

But Ashland's top management was concerned about the oil industry's low level of return, and the below average price-earnings ratio of its shares.

Today, this stands at six against manufacturing's 10. So they set about trying to improve it.

Early last year, after what must have been gruelling self-appraisal (Mr. Atkins admits he did not sleep well for three months), management concluded that several of its operations either lost money or lacked high growth potential. These were its foreign, Canadian and domestic oil and gas exploration and production activities, its construction business (under its Ashland-Warren subsidiary), and several of its chemical divisions.

Promising

On the other hand, Ashland had what it believed to be an efficient and promising refining and marketing business, as well as a healthy petrochemicals division, and large reserves of coal which it believed must play a big role in future U.S. energy policy.

So, last July, the crucial decision was taken to sell off the below-par performers and use the proceeds to develop the more promising ones.

The most difficult decision was to sell off the oil and gas properties. But apart from the fact that they were less profitable than refining and marketing, Ashland also took into account the increasing cost and difficulty of oil exploration, particularly abroad and offshore. As an example, an executive said that no fewer than 133 permits were needed to drill a well on Federally-leased land.

And, though it is risky for a refiner to divest itself of its own sources of supply, Ashland believed — based on experience during the Arab oil embargo — that if oil supplies became tight, the Government would step in and allocate them. So it would never be left high and dry. Besides, Ashland only met 10 per cent of its needs from its own sources, so divestiture would make little difference.

Underlying Ashland's new strategy was the conviction that supplies of petrol and refined products in the U.S. will get extremely tight over the next five to ten years, mainly because environmental controls have made it virtually impossible to build new refineries, and that the prospects for anyone already in that market are therefore extremely good.

According to Mr. John Hall, executive vice-president, speaking at the annual meeting, studies have shown that demand for petrol will reach about 7.7m barrels a day in 1980 while production will be only 7.2m. Demand for the unleaded petrol used in the new generation of non-polluting cars will be particularly acute, he said.

He commented, "We anticipate that our strategy of expanding our refining capacity and installing the required facilities to make unleaded gasoline will reap many benefits for us in future years as petroleum product shortages become a reality."

Ashland has invested $500m over the last five years to expand its refineries and install equipment to produce lead-free petrol, and it is prepared to spend over $100m more. As things stand, it says it can meet demand for lead-free to the end of 1981, a striking forecast given that other refiners are currently so tightly stretched that they have had to ration supplies this winter.

First step

Ashland claims that its refining capacity is so diverse that it can market all portions of the oil barrel at a profit, not just one or two oil products. It is also installing equipment to refine high sulphur crude, anticipating that demand for this capacity will rise as low sulphur crudes become more expensive.

Ashland took the first step in its divestiture last October with the sale of its 79 per cent interest in Ashland Canada to Kaiser Resources for $282m net. In the following weeks, it sold the coating resins business of its Ashland Chemical subsidiary to Textron for $20m, and in November its chemicals products division to Schering of West Germany for $60m.

The most recent sale, announced last week, was the north eastern division of Ashland-Warren for $50m to "an international company with interests in construction."

So far, though, there has been no news on the sale of its most interesting assets, the oil and gas properties valued at over $750m, except that talks are under way with a number of companies, one of which is Johns-Manville, the Denver-based manufacturing concern.

But what will Ashland do with the $1bn it expects to get from these sales? Mr. Atkins remains tight lipped. He did tell the annual meeting, though, that Ashland wanted to reduce its corporate debt by retiring shares, possibly by tender offer, and paying off loans so as to establish a 25 per cent debt/equity ratio.

He also mentioned the possibility of acquisitions, but promised shareholders that any moves in this direction would be made cautiously.

However, Ashland has already shown its hand here—with discouraging results. Last August it made a bid for 49 per cent of Tosco, the Californian refiner, who promptly took the matter to court, where it still languishes. Apart from indicating that Ashland aims to expand its refining capacity by acquisition, the episode also showed antitrust and other obstacles could block this route to growth.

Merrill Lynch helped by White Weld purchase

BY OUR NEW YORK STAFF

MERRILL LYNCH and Co., the largest securities firm in the U.S., yesterday confirmed that 1978 was a very much better year in the securities industry with a report of a 62.3 per cent increase in annual earnings.

Although helped particularly in investment banking by its acquisition last spring of White Weld, Merrill Lynch benefited greatly from the dramatic increase in stock trading volume in the first nine months of last year. Although volume dropped off in the third quarter, Merrill Lynch still managed to boost its commission revenues for the period by 43 per cent.

Total revenues for the quarter rose from $304.5m to $405.6m while net earnings rose 15.1 per cent from $7.9m to $9.1m. Earnings per share were 26 cents versus 22 cents.

In the full year, revenues reached a record $1.53bn and net earnings rose from $43.9m or $1.25 per share to $71.3m or $2 per share.

EUROBONDS

Note issue expected from Sears

BY FRANCIS GHILES

SEARS ROEBUCK, the New York department store, is expected to announce a three-year note issue later today. Rumours in the market suggested the amount would be between $100-$150m.

In the secondary dollar sector prices were easier yesterday, in line with the fall registered in the New York bond market. Prices had been moving up in both markets since the middle of last week and a technical reaction was widely anticipated.

In the floating rate note sector, where prices continue firm, the $50m issue for Sonatrach was priced at par, with indicated conditions unchanged by the lead manager Dillon Read Overseas.

A DM35m convertible for Dai Nippon Screen MFG is being arranged by Bayerische Vereinsbank. This eight-year bullet will be in the form of a private placing and carries an indicated coupon of four per cent.

The secondary DM market was weaker today with prices falling by about half a point across the board in thin trading. This weakness was a reflection of the recent fall in the German domestic bond market where the Bundesbank bought DM 35m worth of bonds by way of assistance.

Major developments at IBM

BY OUR NEW YORK CORRESPONDENT

INTERNATIONAL BUSINESS Machines, the world's leading computer manufacturer, yesterday released details of major new developments which promise to intensify competition in the computer industry.

The company unveiled its long-awaited new line of computers which, although in price terms fit towards the bottom end of its 370 range, in terms of performance employ new technology to make them competitive with more powerful equipment.

The company also disclosed plans for what investment analysts, but not IBM, have characterised as the "unbundling" of charges for software services.

The company is setting up new Support Centres around the world which customers can telephone on a charge-free number to receive advice on software problems at no additional charge beyond the normal licence fee. If, however, an IBM expert has to make an on-site visit, there would be a per call charge. Alternatively, customers can opt to pay licence and maintenance fees which include on-site servicing.

In yet another announcement, IBM disclosed price cuts for equipment from its general systems division, which sells low cost data processing equipment such as small business computers.

The company gave as examples of the price cuts reductions from $53,833 to $48,942 for its System 3 Model 8, and from $358,815 to $330,137 in the cost of System 3 Model 15D. The announcement of the new line of computers which computer industry analysts have been awaiting and of the Support Centres are likely to attract most attention in the industry.

Earnings gain at Liggett

NEW YORK — Liggett Group earned a net $10.01m, equal to $1.15 a share in the final quarter of 1978. This compares with a net $4.16m or 42 cents a share from continuing operations for the corresponding 1977 quarter. Earnings from discontinued operations—the group sold its foreign cigarette business for about $108m last June — were $1.39m or 15 cents a share, bringing the 1977 period's total to $5.55m or 57 cents a share.

The group said gains in sales and earnings were made in 1978 in all divisions, except cigarettes and pet foods.

Cigarette sales were higher due to price increases, but unit sales were lower.

Pet food sales rose 31 per cent, but operating income was moderately lower due to promotional expenses for new products.

Substantial increases in sales and operating income of spirits and wines, soft drinks, and physical fitness products were achieved during the year. Spirits and wine sales were 21 per cent ahead and operating income rose 26 per cent over 1977.

Sales of Liggett's other products group were up 26 per cent and operating income, before a goodwill write-off, rose 78 per cent.

Reuter

AMERICAN QUARTERLIES

AMERADA HESS	1978 $	1977 $
Fourth quarter		
Revenue	1.21bn	1.20bn
Net profits	45.07m	22.02m
Net per share	1.11	0.55
Year		
Revenue	4.74bn	4.62bn
Net profits	142.42m	177.80m
Net per share	3.51	4.39

ALBANY INTERNATIONAL	1978 $	1977 $
Fourth quarter		
Revenue	80.8m	67.4m
Net profits	5.75m	4.54m
Net per share	1.09	0.86
Year		
Revenue	283.3m	258.5m
Net profits	19.6m	18.3m
Net per share	3.87	3.09

AMERICAN TELEPHONE & TELEGRAPH	1978 $	1977 $
Year		
Revenue	41.0bn	36.4bn
Net profits	5.27bn	4.48bn
Net per share	7.74	6.88

BULOVA WATCH	1978 $	1977 $
Third quarter		
Revenue	63.2m	57.4m
Net profits	3.5m	†1.4m
Net per share	0.34	†0.36
Nine months		
Revenue	171.0m	164.0m
Net profits	10.2m	†2.5m
Net per share	2.68	†0.67

† Loss

BRISTOL MYERS	1978 $	1977 $
Fourth quarter		
Revenue	630.9m	552.8m
Net profits	55.18m	48.28m
Net per share	0.84	0.73
Year		
Revenue	2.45bn	2.23bn
Net profits	203.05m	177.69m
Net per share	3.08	2.69

CLOROX	1978 $	1977 $
Second quarter		
Revenue	323.1m	252.3m
Net profits	7.53m	8.22m
Net per share	0.33	0.28
Six months		
Revenue	587.0m	521.0m
Net profits	16.51m	15.51m
Net per share	0.73	0.73

CONTINENTAL OIL	1978 $	1977 $
Fourth quarter		
Revenue	2.8bn	2.4bn
Net profits	155.2m	81.9m
Net per share	1.45	0.77
Year		
Revenue	9.9bn	5.1bn
Net profits	451.3m	380.6m
Net per share	4.20	3.55

CONSOLIDATED FREIGHTWAYS	1978 $	1977 $
Fourth quarter		
Revenue	402.5m	295.2m
Net profits	20.04m	15.07m
Net per share	1.54	1.18
Year		
Revenue	1.39bn	1.10bn
Net profits	62.01m	52.50m
Net per share	4.75	4.06

GETTY OIL	1978 $	1977 $
Fourth quarter		
Revenue	1.03bn	960.0m
Net profits	102.0m	85.1m
Net per share	1.24	1.04
Year		
Revenue	3.76bn	3.54bn
Net profits	327.8m	309.1m
Net per share	3.98	3.78

E. F. HUTTON GROUP	1978 $	1977 $
Fourth quarter		
Revenue	139.0m	88.0m
Net profits	3.7m	3.0m
Net per share	0.54	0.62
Year		
Revenue	522.0m	334.0m
Net profits	28.2m	16.1m
Net per share	4.10	2.72

HUYCK CORPORATION	1978 $	1977 $
Fourth quarter		
Revenue	35.7m	30.2m
Net profits	2.43m	1.68m
Net per share	0.43	0.28
Year		
Revenue	122.6m	108.1m
Net profits	7.53m	6.97m
Net per share	1.32	1.17

IDEAL BASIC INDUSTRIES	1978 $	1977 $
Fourth quarter		
Revenue	100.6m	82.8m
Net profits	13.58m	7.19m
Net per share	1.01	0.53
Year		
Revenue	410.0m	345.2m
Net profits	54.38m	34.52m
Net per share	4.02	2.55

MAYTAG	1978 $	1977 $
Fourth quarter		
Revenue	—	—
Net profits	10.99m	8.24m
Net per share	0.82	0.62
Year		
Revenue	325.0m	299.4m
Net profits	36.68m	34.48m
Net per share	2.74	2.58

NALCO CHEMICAL	1978 $	1977 $
Fourth quarter		
Revenue	132.0m	110.4m
Net profits	15.1m	13.0m
Net per share	0.76	0.65
Year		
Revenue	476.2m	433.9m
Net profits	53.7m	51.6m
Net per share	2.71	2.60

OGDEN CORPORATION	1978 $	1977 $
Fourth quarter		
Revenue	488.2m	382.0m
Net profits	13.32m	12.81m
Net per share	1.30	1.15
Year		
Revenue	1.8bn	1.6bn
Net profits	54.33m	50.03m
Net per share	5.20	4.47

OWENS-ILLINOIS	1978 $	1977 $
Fourth quarter		
Revenue	812.7m	674.1m
Net profits	29.7m	18.9m
Net per share	1.01	0.56
Year		
Revenue	3.11bn	2.7[illegible]
Net profits	108.2m	91.3m
Net per share	3.71	[illegible]

SUN CO. INCORPORATED	1978 $	1977 $
Fourth quarter		
Revenue	2.05bn	1.9[illegible]bn
Net profits	94.51m	92.88m
Net per share	1.78	1.76
Year		
Revenue	7.72bn	6.50bn
Net profits	365.39m	361.94m
Net per share	6.82	7.27

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month. Closing prices on January 30

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aga Akt. 8¾ 88	25	94⅛	94⅞	−0⅛	−0⅛	10.17
Australia 8.45 83	175	96⅞	97⅛	−0⅛	+0⅛	9.55
Australia 9⅜ 83	75	98	98½	0	+1	8.55
Beatrice Foods 7⅞ 83	100	96⅞	95⅞	0	+1½	9.02
CECA 8¾ 87	50	94⅞	94⅞	0	+0⅛	9.75
CECA 9⅞ 84-99	50	96⅞	97⅛	−0⅛	+0⅛	9.71
CNT 9 93	75	94⅞	95⅞	−0⅛	+0⅛	9.63
Canada 9 83	400	98⅞	99⅛	−0⅛	+0⅛	9.51
Canada 9⅛ 98	350	98⅞	99⅛	0	+1½	9.56
Canadair 8⅞ 83	70	94⅞	95⅛	0	+0⅛	5.90
Dominion Bridge 9 88	25	95⅞	96	0	+0⅛	8.82
EIB 9⅛ 98	125	96⅛	96⅞	−0⅛	+1	9.75
Eksportfinans 9 88	50	95⅞	96⅛	−0⅛	+0⅛	9.75
Finland 8⅞ 83	100	97⅞	97⅞	−0⅛	+1⅛	9.68
Finland 9 88	100	96⅛	96⅞	+0⅛	+1⅛	9.77
Hospital O/S 9 83	25	97⅞	98⅛	0	+0⅛	9.56
Itel Finance 9⅞ 90	30	94⅞	95	0	+1	10.54
J. C. Penney 8⅞ 83	100	96⅞	97⅛	−0⅛	+0⅛	9.32
NZ Dev. Fin. 8⅞ 83	20	94⅞	95⅞	−0⅛	+0⅛	9.60
NZ Dev. Fin. 8⅞ 85	20	94	94⅞	−0⅛	+0⅛	9.81
Nat. West. 9 86	75	97⅞	98⅛	+0⅛	+0⅛	9.34
Newfoundland 9⅞ 90	50	97⅞	98	−0⅛	+1⅛	9.57
Nord Inv. Bk. 8⅞ 88	25	95⅞	96	−0⅛	0	8.44
Norges Komm. 9⅛ 98	75	96⅞	96⅞	−0⅛	+0⅛	9.75
Norsk Hydro 9⅞ 94	50	96⅞	96⅞	0	+0⅛	9.88
Norway 7⅞ 83	250	93⅞	93⅞	0	+0⅛	9.76
Norway 8⅞ 83	150	97⅞	98⅛	−0⅛	+1	9.56
Norway 9⅞ 84	150	100⅛	101	−0⅛	+0⅛	9.78
Occidental 8⅞ 85	75	93	93½	−0⅛	+0⅛	10.36
Ont. Hydro 8⅞ 85	125	94⅞	95	0	+0⅛	9.63
Quebec Hydro 9⅞ 93	50	98⅞	98⅞	0	+1½	9.57
Sweden 9⅛ 98	125	97⅞	98⅛	+0⅛	+0⅛	9.71
UK 8⅞ 98	200	96	96½	0	+1⅛	9.52
UK 8⅞ 93	150	96	96½	−0⅛	+0⅛	9.57

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Argentina 6½ 88	150	95⅛	95⅞	−0⅛	−0⅛	7.15
Australia 6 88	250	99⅞	100⅛	0	+0⅛	5.99
Austria 5⅞ 90	150	92⅞	93⅛	−0⅛	−0⅛	6.61
Bankamerica 5½ 90	150	†98⅞	99⅛	0	+0⅛	5.87
Bq. Ext. Algerie 7⅞ 86	100	98⅞	97⅞	0	0	7.83
Brazil 7⅞ 87	150	100⅛	100⅞	0	0	7.18
CECA 6 88	150	†96⅞	96⅞	−0⅛	0	5.49
Canada 4¾ 83	800	97⅞	98⅛	0	0	5.24
Ch. Manhttn. O/S 6 93	100	100	100½	−0⅛	−0⅛	5.87
Commerzbank WW 3½ 88	100	108½	101⅞	−0⅛	−2⅛	3.39
Commerzbank XW 3½	100	82⅞	82⅞	−0⅛	−0⅛	6.00
Copenhagen City 6 90	75	92⅞	92⅞	−0⅛	−1⅛	5.95
Council of Europe 6¼	100	97⅞	98⅛	+0⅛	−0⅛	6.43
Council of Europe 6⅛	130	98⅛	98⅞	+0⅛	+0⅛	5.40
EIB 6 90	300	†94⅞	95⅛	−0⅛	−0⅛	6.62
EIB 6⅛ 91	200	96⅛	96⅞	−0⅛	0	6.96
Finland 6 83	150	99	99½	−0⅛	+0⅛	6.18
Hitachi Shipb. 5⅞ 83	50	100	100½	0	+0⅛	5.69
IBJ 5 84	100	97⅞	98⅛	−0⅛	−0⅛	5.47
Indonesia 7 84	100	97⅞	97⅞	0	+0⅛	7.56
Kobe, City of 5⅞ 88	100	100⅞	101⅛	−0⅛	−0⅛	5.58
Norges Komm. 6⅞ 89	150	97⅞	97⅞	−0⅛	+0⅛	6.58
Mitsubishi Petro. 5⅞ 88	100	99⅞	100⅛	0	−0⅛	5.72
New Zealand 6⅞ 87	200	99⅞	99⅞	−0⅛	+0⅛	6.31
Nippon Steel 5⅞ 85	100	99⅞	100	−0⅛	−0⅛	5.79
Nordic Inv. Bk. 6⅞ 86	60	97⅞	98⅛	0	0	6.59
Norges Komm. 6 90	100	97	97⅞	+0⅛	+0⅛	5.95
Norwegn. Ind. Bk. 6 90	125	97⅞	97⅞	+0⅛	−0⅛	6.33
Occidental 6⅞ 90	150	96⅞	97	−0⅛	−0⅛	7.16
OKB 6⅞ 88	100	100⅛	101	−0⅛	−0⅛	5.39
Petroleo Brazil 7 88	100	98⅞	96⅛	−0⅛	−0⅛	7.16
PK Banken 5⅞ 88	100	92⅞	93	−0⅛	−0⅛	6.83
Quebec, Prov. of 6 90	150	94	94½	−0⅛	−0⅛	6.74
Ricoh 5⅛ 83	30	98	98½	−0⅛	−1⅛	5.69
Statoil 6 88	150	97⅞	97⅞	−0⅛	−0⅛	6.37
UOS Group 5⅞ 93	85	97⅞	97⅞	−0⅛	+0⅛	6.38
Union Bank Finn 6⅞ 88	50	*98⅞	98⅛	+0⅛	+0⅛	7.00
Venezuela 6⅞ 90	150	93⅛	94	+0⅛	+0⅛	7.30
World Bank 5⅞ 88	400	†97⅞	97⅞	−0⅛	0	5.60

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Acesa 5⅞ 88	40	†105⅞	106	0	+1⅛	4.49
Amer. Exp. Int. 3½ 93	40	†103	103½	−0⅛	+2⅛	3.22
Arlberg Tunnel 4 93	40	†102⅞	103	+0⅛	+0⅛	3.74
Austria 3½ 83	100	†100	100⅛	+0⅛	+2	3.49
Brazil 4⅞	100	†100⅞	100½	+0⅛	+1⅛	4.20
Chase Manhattan 4 93	70	†106⅛	106½	+0⅛	+1⅛	3.44
Council of Europe 4⅞	100	†103⅛	103⅞	+0⅛	+0⅛	3.89
Bankamerica 3⅞ 93	100	†102	103⅛	+0⅛	+0⅛	3.47
BNDE 5 88	80	†103⅞	103½	−0⅛	+0⅛	4.56
Denmark 4⅞ 90	100	†104½	105	+0⅛	+0⅛	3.87
Denmark Mortgage Bk.	80	†105⅛	105⅞	0	+1⅛	3.88
EIB 4⅞ 93	100	†104⅞	105	+0⅛	+2⅛	3.80
Euratom 4⅞ 93	80	†103	103½	+0⅛	+1⅛	3.95
F. L. Smidth 4⅞ 88	25	†104	104½	+0⅛	+0⅛	4.00
Finland 4⅞ 93	70	†105⅛	105⅞	+0⅛	+2	3.99
First Chicago 3⅞ 93	70	*99⅞	100	0	+0⅛	3.51
GZB 4⅞ 93	80	†105½	106	+1	+1⅛	3.97
Hilti-Liechtenstein 4⅞	25	†106	106½	+0⅛	+1⅛	3.68
ICI Fin. NV 4⅞ 93	100	†105⅛	105⅞	+0⅛	+0⅛	3.76
Malaysia 4⅞ 90	80	†101	101⅞	0	+0⅛	4.82
Manitoba 4 83	100	†104	104½	+0⅛	+1⅛	3.61
Neweg 4 93	70	†103	103⅛	+0⅛	0	3.70
Norges Komm. 4⅞ 90	100	*104	104½	0	+0⅛	3.80
Norwegian Mt. As. 4 84	40	†103	103½	—	—	3.71
OKB 4 93	80	†104½	105	+2⅛	+3⅛	3.57
Oy Nokia 5 90	20	†104	104½	−0⅛	−0⅛	4.51
Safe 4⅞ 93	20	†104	104½	−0⅛	+1⅛	3.88
Sandvik 4 90	85	†104½	106	+0⅛	+2⅛	3.50
Sesa 4⅞ 88	15	†105⅞	100	+1⅛	+1⅞	3.74
Voest-Alpine 4⅞ 93	100	†102⅞	104	−1⅛	−0⅛	4.15
Vorarlberg Kraft 4 93	30	†102⅞	102⅞	−0⅛	−0⅛	3.77
Vienna 4 93	100	†104	104⅞	+2	+2⅛	3.63
World Bank 4⅞ 93	250	†104	104⅞	+0⅛	+0⅛	3.87

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bank 5⅞ 88	15	95⅞	96⅛	+0⅛	−0⅛	6.31
Australia 5.8 83	30	100⅞	101⅛	+0⅛	−0⅛	5.46
Australia 6⅛ 88	20	98⅞	99⅛	+0⅛	−0⅛	5.80
BFCE 6.4 90	30	95	95½	0	0	7.12
Eurofima 6.3 90	10	†95⅛	96⅞	−0⅛	−0⅛	6.98
Finland 5.8 83	10	98⅞	99⅛	−0⅛	−0⅛	5.92
Finland 6.8 88	10	97⅞	98⅛	0	−0⅛	7.23
Norway 5.7 83	25	100⅛	101⅛	0	0	5.54
Sweden 6.3 90	40	94½	95½	−0⅛	−0⅛	7.07

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Rank O/S Hold. 11½ AS	12	95½	97⅛	+0⅛	+0⅛	12.53
Auto Cote 8. 7 83 EUA	16	91⅞	92⅞	−0⅛	−2⅛	7.93
Copenhagen 7 93 EUA	30	92⅞	93⅛	+0⅛	−1	7.81
Komm. Inst. 7⅞ 93 EUA	15	96⅞	97⅛	0	−0⅛	7.83
Panama 8⅞ 83 EUA	20	95	96	0	−0⅛	8.80
SOR France 7 93 EUA	22	93⅞	94⅛	+0⅛	−2⅛	7.71
Algemene Bk. 6⅞ 83 Fl	75	94	94⅞	0	−0⅛	7.83
Brazil 7⅞ 83 Fl	75	94½	95⅛	+0⅛	−0⅛	8.93
CFE Mexico 7⅞ 83 Fl	75	97⅞	97⅞	+0⅛	−0⅛	8.42
EIB 7⅞ 85 Fl	75	95⅞	96⅛	0	−0⅛	8.09
Neder. Midd. 6⅞ 83 Fl	75	94	94⅞	0	+0⅛	8.07
New Zealand 6⅞ 84 Fl	75	94½	95⅛	+0⅛	−0⅛	7.94
Norway 6⅞ 83 Fl	100	93⅞	94⅛	+0⅛	−0⅛	8.25
OKB 6⅞ 85 Fl	75	90⅞	91⅛	0	−1⅛	8.44
Elf Aquitaine 8⅞ 88 FFr	150	99⅞	100⅛	+0⅛	+0⅛	9.76
EIB 9⅞ 88 FFr	200	99⅞	100⅛	−0⅛	+0⅛	9.71
Unilever 10 88 FFr	100	101⅛	102⅛	0	−0⅛	9.62
BAT 8 88 LuxFr	250	97⅞	97⅞	+0⅛	+0⅛	8.38
Bayer Lux. 8 88 LuxFr	250	97⅞	97⅞	+0⅛	+0⅛	8.45
EIB 7⅞ 88 LuxFr	250	96⅞	96⅞	0	0	8.29
Finland I. F. 8 88 LuxFr	250	96⅞	97⅛	0	+0⅛	8.42
Norway 7⅞ 83 LuxFr	250	97⅛	97⅞	0	+0⅛	8.42
Norges Km. 8 88 LuxFr	500	99⅞	100⅛	0	+0⅛	8.04
Renault 7⅞ 88 LuxFr	500	97	97⅞	−0⅛	−0⅛	8.15
Solvay Fin. 8 88 LuxFr	500	100⅞	101⅛	0	0	7.79
Swedish Bk. 8 88 LuxFr	500	96⅞	100	0	0	8.05

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
American Express 82	0⅛	99½	100	20/4	10⅛	10.55
Arab Intl. Bk. M8.5 83	0⅛	98	98½	31/1	9⅛	9.74
BFG Fin. Co. M5.5 89	0⅛	93⅞	98⅛	12/7	12.4	12.69
Bco. El Salvador M8 83	1⅞	97⅞	98⅛	12/4	11.31	11.53
Bco. Nac. Argnt. M8 83	0⅛	98⅞	99⅛	21/7	12⅛	12.36
Bank Handlowy M8 88	1⅛	97⅞	97⅞	25/11	12.94	13.27
Bank of Tokyo M5½ 93	0⅛	96⅞	97⅛	18/4	10⅛	10.81
Banque Worms M5⅞ 98	0⅛	98	98½	15/8	12	12.21
Bq. E. d'Alg. M8.375 84	0⅛	96⅞	97⅛	8/2	9⅛	8.94
Bq. E. d'Alg. M7.5 85	0⅛	95⅞	96⅞	2/6	12⅛	13.35
Bq. Indo et Suez M5½	0⅛	98⅞	99⅛	25/7	12	12.14
Bq. I. Afr. Occ. M6.5 83	0⅛	97⅞	97⅞	12/7	12.4	12.70
CCCE M5.25 88	0⅛	97½	98	3/2	9.19	9.40
Ch. Man. O/S M5⅞ 93	0⅛	97⅞	98⅛	27/7	11.73	11.96
Credit National M5⅞ 88	0⅛	97⅞	98⅛	11/7	12.31	12.55
Gotabanken M5 88	0⅛	98	98½	15/5	12.31	12.53
Ind. Bk. Japan M5½ 85	0⅛	99½	100	1/5	12.35	12.38
Ljubljanska M7.75 85	1	96⅞	97⅛	18/7	12.94	13.34
LTCB Japan M5⅞ 98	0⅛	98⅞	99⅛	9/5	12.06	12.17
Midland Intl. M5⅞ 93	0⅛	97⅞	98⅛	20/7	12⅛	12.48
Nat. West. M5⅞ 90	0⅛	98½	99	21/6	12⅛	12.88
Nipp. Crdt. Bk. M5.5 85	0⅛	99⅞	100⅛	22/8	12.81	12.83
OKB M5⅞ 88	0⅛	100⅛	100⅞	19/4	10.56	10.52
Offshore Mining 88	0⅛	98⅞	99⅛	18/7	12.19	12.31
Petro Mexicano 7⅞ 84	0⅛	98⅞	99⅛	24/7	12.06	12.20
Privredna Banka M8 86	0⅞	95⅞	96⅛	22/5	13.44	13.96
Standard Chrt. M5.5 90	0⅛	97⅞	97⅞	10/2	8.94	9.18
Sundsvallsbnkn. M6 85	0⅛	97⅞	97⅞	4/4	10.06	10.33
Utd. Overs's Bk. M6 93	0⅛	98⅞	99⅛	4/5	12.31	12.44

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Asics 5⅞ 93	9/78	628	105⅞	106⅛	+0⅛	14.14
Baker Int. Fin. 5½ 93	1/79	34	103⅛	104⅛	−0⅛	4.12
Boots 6⅞ 93	2/79	2.15	88⅞	89⅞	+0⅛	−4.08
Coca-Cola Bottling 6⅞	4/79	9	92	93⅛	0	19.09
Ito-Yokado 5⅞ 93	6/78	1473	129	129⅛	−0⅛	0.88
Novo Industri 7 89	4/79	259	90⅞	92	+0⅛	5.23
Texas Int. Air. 7⅞ 93	4/78	14.5	81	82	+2	10.56
Thorn Int. Fin. 7 88	11/79	3.67	98⅞	99⅛	+0⅛	−1.78
Tyco Int. Fin 8⅞ 98	3/78	21	†100⅛	101	−0⅛	13.67
Tyco Int. Fin. 5 84	5/78	61.5	176	78⅛	−0⅛	151.71
Asahi Optical 3⅞ OM	12/78	588	93⅞	94⅛	−0⅛	1.99
Casio Co. 3⅞ 98 OM	11/78	941	99⅞	100⅛	−1	8.92
Izumiya 3⅞ 95 DM	10/78	989	93½	94½	−1⅛	0.07
Jusco 3⅞ 98 OM	1/78	1270	93⅞	94⅞	−0⅛	12.57
Konishiroku 3⅞ 85 DM	1/79	612	94⅞	95⅞	−0⅛	5.80
Marudai Food 3⅞ OM	2/78	1033	98⅞	99⅛	−0⅛	15.44
Murata M. 3⅞ 86 DM	11/78	854	104⅞	105⅛	−0⅛	−1.13
Nipp. Air. 3.5 88 OM	12/78	508	90⅞	91⅛	−0⅛	2.04
Nippon Shinpan 3⅞ DM	8/78	738	108⅞	109⅛	−0⅛	4.81
Nippon Yen. 3½ 85 OM	1/79	251	96⅛	96⅞	−0⅛	5.82
Nissan Diesl. 3½ 88 OM	2/79	477	93⅞	94⅛	−0⅛	8.64
Olymp. Opt. 3½ 85 OM	2/79	703	102⅞	103⅛	−0⅛	−0.78
Ricoh 3⅞ 86 OM	10/78	517	101⅞	102⅛	−0⅛	16.44
Sanyo Electric 3⅞ OM	11/78	295	93⅞	94⅛	−0⅛	−3.80
Seiyu Strs. 3⅞ 98 OM	8/78	1275	110⅞	111⅛	−0⅛	−3.42
Sharp Cpn. 3⅞ 88 DM	2/78	487	96⅞	97⅛	−0⅛	−2.56
Stanley Elec. 3⅞ OM	11/78	623	93⅞	94⅛	0	14.77
Tokyo Elec. 3⅞ 87 OM	4/79	478	96⅞	97⅛	−0⅛	1.39
Trio-Knwd. 3⅞ 88 DM	11/78	711	91⅞	92⅛	+0⅛	24.88

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. M=Minimum coupon. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Banca Catalana absorbs latest banking failure

BY DAVID GARDNER IN BARCELONA

CATALONIA'S largest banking group, based on Banca Catalana, has stepped in to salvage the Banco Industrial del Mediterraneo (BIM) after the refusal of the latter's request to move under the umbrella of the Corporacion Bancaria, the so-called "Bank Hospital."

BIM is the second industrial bank to get into difficulties in the past two weeks, against a background of recession and high interest rates. BIM was widely known to be in difficulties, having disposed of its commercial affiliate, the Banco Comercial Espanol, to the Banco de Santander, one of Spain's "big seven" national banks, last June.

That deal was preceded by internecine warfare on the BIM board centred on the chairman, Sr. Martinez Fortuny. Sr. Martinez Fortuny was to have joined the Santander board as a result of the sale, but when this fell through he was impeded from retaking his seat as BIM chairman.

The principal cause of the conflict was a number of loans promoted by Sr. Martinez Fortuny which left the bank over-exposed in the textile and property sectors. The bank's position deteriorated rapidly last week with a refusal of further credit on the inter-bank market.

The crunch came finally on Thursday, when an application for aid from the Corporacion Bancaria was turned down by the Bank of Spain.

The Corporacion Bancaria was set up last year by the Bank of Spain and the banking community to guarantee confidence in the banking system. In the first year of its existence it has been obliged to take over four ailing banks.

In the case of BIM, however, the central bank has instead presided more directly over the deal. Catalana has bought a majority shareholding in the BIM at a nominal price. The Bank of Spain for its part has bought Pta 2.3bn of the BIM's treasury bills and fixed interest securities to give Catalana immediate liquidity. In addition to this liquidity, the Bank of Spain has offered substantial soft credit.

This is the second time that Catalana, under the auspices of the Bank of Spain, has bought a failing Catalan bank, but the first time that such a move has appeared as a direct alternative to the use of the "bank hospital."

The enlarged Catalana banking group will now have deposits in excess of Pta 180bn ($2.57bn) placing it for the first time within reach of the "big seven" national banks. At the same time the group will now presumably accelerate the process of integration it began last October.

Losses at French steelmaker

BY TERRY DODSWORTH IN PARIS

THE HEAVY cost of reorganising the French steel industry has had a serious impact on the results of Denain Nord-Est Longwy, the holding company which used to control Usinor, France's biggest steelmaker, and the steel tube manufacturer Vallourec.

In a gloomy shareholders' letter, M. Jean Hue de La Colombe, chairman of DNEL, warns that the group will be heavily in deficit for 1978, and that the losses will mean a write-down of the capital base.

DNEL's problems stem from the write-off of loans worth Fr 260m ($60m) to Usinor, along with provisions against the falling value of the company's shares.

Against these negative results the company earned Fr 28.8m through its portfolio investments last year, Fr 16.2m from its financial division, and Fr 10.2m from miscellaneous investments. Total revenue, after a depreciation charge of Fr 3.2m, amounted to Fr 50m, against Fr 53.7m last year.

In addition, the company says that a revaluation of its assets will throw up a surplus against the balance-sheet valuation of around FFr 150m.

The restructuring of DNEL's involvement in the steel sector means that its shareholding in Usinor will be reduced to a direct 13.4 per cent plus 6 per cent via the holding company in which the Government and semi-official interests are the largest shareholders. In Vallourec, DNEL's interest amounts to 25.4 per cent.

These reductions in DNEL's investments will mean a decline in revenue from last year's FFr 30m to FFr 30m in 1979, says M. Hue de La Colombe.

In the medium term, he sees no hope of receiving income from Usinor, from which DNEL last received a dividend in 1975. But Vallourec appears to be staging some sort of s recovery. The company sold 1.45m tonnes of steel last year and cash flow was positive. Dividends are expected to amount to about FFr 5 a share.

● Rhone-Poulenc, the major French chemical and textile group, has reached an agreement with Cooper, of Greece, to set up a joint marketing subsidiary, Rhone-Poulenc-Cooper S.A. The jointly owned unit will be responsible for the promotion and marketing of Rhone-Poulenc pharmaceutical products in Greece.

Societe Generale holds payment

By Giles Merritt in Brussels

THE LARGEST of Belgium's financial and industrial holdings companies the Societe Generale de Belgique has announced that net profits for 1978 are virtually unchanged from the previous year's level of BFr 1.155bn ($40.4m). The group added that it will therefore be proposing an unchanged dividend net dividend of BFr 140 per share at its annual general meeting on March 20.

Societe Generale noted that the 1978 profits are of the "same order" as those recorded for 1977, once exceptional items produced by its 1977 change in accounting procedure are eliminated.

The preliminary 1978 results of the Socite Generale, which includes the Socite Generale de Banque and major mining and industrial interests, confirm the holding company's recovery from the disappointing performance of 1976.

PLM earnings fall 17% but dividend unchanged

BY WILLIAM DULLFORCE IN STOCKHOLM

PRE-TAX EARNINGS by PLM slumped by over 17 per cent to SKr33m ($8m) in 1978, according to the preliminary report from the Malmoe headquarters of the Swedish metal can, packaging and waste treatment group. Turnover edged upwards by 2.5 per cent to SKr2.11bn ($483m). The Board proposes to pay an unchanged dividend of SKr6 a share.

The result is in line with the revised forecast made in October by Mr. Ulf Laurin, the managing director, after the management had been surprised by a very poor profit performance during the second four-month period. It is, however, considerably below the SKr50m figure predicted by Mr. Laurin at the 1977 shareholders' meeting.

The last four months yielded much better earnings than the two preceding four-month periods with a pre-tax result of SKr27m. The improvement is attributed to more favourable trends for the paper and resource recovery operations, while the packaging companies continued to turn in good profits. The price war on the West German glass market again held back earnings by PLM Euroglass.

The management expects a "definitely better" group profit in 1979 with turnover scheduled to show a real volume increase in contrast with the downward trend of recent years.

PLM made some capital gains in 1978 from sales of some subsidiaries, notably the corrugated board factory in Denmark and the domestic gravel business. Extraordinary income, however, is virtually neutralised by the costs of pensions for employees of a closed-down glassworks.

Cash, bank balances and unutilised credit lines at the end of the year amounted to SKr140m, which is SKr16m lower than a year earlier.

Upturn for Swedish chemicals concern

BY OUR NORDIC EDITOR

PERSTORP'S, the Swedish chemicals concern, pre-tax earnings rose by 13 per cent to SKr 43m ($9.9m) during the first four months of the financial year ended December 31. Sales grew by 16 per cent to SKr 431m ($99m) compared with the first four months of 1977/78 and 72 per cent of deliveries were made outside Sweden.

Mr. Karl-Erik Sahlberg, the managing director, said that the turnover growth is almost equally divided between price and volume increases. The greatest expansion in volume terms took place in decorative laminate sales by the parent company and by the British and Brazilian subsidiaries. The order book for several company product groups was larger than a year earlier.

Capital investment during the first four months was SKr 20m compared with SKr 25m but the pace of investment is expected to rise swiftly during the rest of the financial year. Prominent among the new projects are an expansion of laminate capacity at Perstorp and of capacity at Synthecolor SA, the French subsidiary. Perstorp Ferguson in the UK is investing in a new plant at Aycliffe.

The one-for-five rights issue approved by the shareholders last week will increase the company's financial scope by SKr 41m. At the end of December, Perstorp had some SKr 70m available in cash and short-term placements, representing no change from the beginning of the financial year.

At the shareholders' meeting Mr. Sahlberg pinpointed Britain, Brazil and the U.S. as the three most important markets for Perstorp.

Volvo-Norway co-operation

VOLVO, of Sweden, will go ahead with plans to develop a new car model, part of the development work of which will take place in Norway, despite the cancellation of the proposed cars-for-oil deal. This was stated by Volvo managing director Pehr Gyllenhammar, at a Press conference in Oslo yesterday, writes Fay Gjester.

The Norwegian radio quoted Mr. Gyllenhammar as saying that Volvo would extend its existing co-operation with Norwegian industry.

At the same time a spokesman for Volvo said in Gothenburg that the Swedish company would need between SwKr 100m to SwKr 200m of additional share capital annually for the next five years to compensate for the collapse of the deal with Norway. Deputy manager Lars Malmros said the company was discussing a new issue of shares, which may be aimed partly at the Norwegian market.

Provisions by Norwegian bank

BY FAY GJESTER IN NORWAY

ANDRESENS BANK, Norway's fourth largest commercial bank, is not paying a dividend for 1978 compared to the 9.5 per cent handed to shareholders in 1977.

The bank says that the crisis in shipping, and the difficult economic conditions in Norwegian business and industry generally, led to write-offs last year totalling some NKr 66m ($9.5m).

At the same time, the bank revealed that its managing director for the past 15 years, Mr. H. P. Schnitler, aged 61, will be retiring shortly.

Andresens took heavy losses in connection with the rescue last autumn of Norinvest, a finance company backed by a large number of leading Norwegian banks and insurance companies. It had a 10.5 per cent shareholding in the company, and put up nearly a quarter of the NKr 67.5m raised to save Norinvest from bankruptcy.

In addition, responsibility for Norinvest's loans was shouldered solely by Norsk Kausjon, an insurance company in which Andresens is a 45 per cent shareholder. The losses written off by Andresens last year amounted to the equivalent of the bank's pre-tax profits for 1978.

The bank said it was publishing details of its 1978 accounts earlier than usual to prevent speculation. It would not give details about how the losses had arisen.

* * *

NEBB, the Norwegian subsidiary of Brown Boveri, of Switzerland, has won a tug of war with Asea of Sweden for the takeover of Strommens Verksted, the ailing Norwegian heavy engineering company which specialises in the production of railway rolling stock. Both concerns were interested in Strommens because of its position as main supplier of rolling stock to the Norwegian market.

As a condition of the purchase, the Norwegian Government has agreed to bring forward several major orders for the state railway company and to increase planned rolling stock orders over the next four years by about NKr 114m.

NEBB is to invest NKr 15m of new capital in Strommens, and anticipates that the Government will make an equal amount available, probably in the form of a loan from the State Industrial Aid Fund.

The price which NEBB will pay for Strommens is still under negotiation.

FOREIGN BANKS IN JAPAN

Coming to terms with the squeeze

BY RICHARD HANSON IN TOKYO

In a bid to head off outside criticism that foreign banks are subject to unfair curbs on their business, Japanese monetary authorities are taking steps to ease their position. A further increase is expected in the quotas under which non-Japanese banks can swap *foreign currencies into yen for use in Japan*, while official guidance barring foreigners from participating in loan syndicates arranged through the Export-Import Bank of Japan has been lifted.

***In particular,* the Finance Ministry and the Bank of Tokyo want to avoid an unfavourable report to the U.S. Congress by the Treasury, which is conducting studies on Japan's capital markets to determine whether U.S. banks in Japan receive treatment equal to that afforded the Japanese in America.**

***A formal* decision has yet to be taken on the swap quotas. But foreign bankers have been given assurances that such a rise is forthcoming. It is estimated that the increase could be from $600-700m to an overall ceiling of $4bn. The last increase, in May, 1978, was by about $500m.**

Any increase in swap limits will be welcomed by foreign banks here. They have seen the yen value of the swap quota deteriorate steadily through most of 1978 as the yen appreciated. Foreign banks also want more of a funding base on which to expand their sluggish business in Japan. Much of the funding by foreign banks depends on the swaps.

The decision to end official guidance against foreign bank participation in Exim Bank *suppliers' credits* is also a gesture aimed at giving the foreigners more scope for business here, but it is unlikely that there will be much actual impact. Until now, Japanese companies banks and the Exim Bank itself have been able to use the official guidance against foreigners as an excuse for not allowing such participation.

Strong pressure is still expected from companies' main banks not to give yen credit business to foreigners. Some companies enjoying particularly good relations with a foreign bank are, *however,* expected *to invite* them into future syndicates.

FOREIGN BANKERS in Tokyo can foresee some thinning of their 60-strong ranks over the next few years. Just as in Europe, it is becoming evident that withdrawal may be the wisest strategy for the slow-growth decade to come.

If the worst came to the worst, Japan could even do without the foreign banks. Those which remain—and no-one expects that more than one or two would actually be inclined to pull up stakes—will face a number of circumstances which may bear out this conclusion.

Utilisation of assets, for example, is likely to become increasingly difficult. Loan demand remains sluggish and profit spreads have diminished to the bare minimum.

Because of the squeeze on loan margins, profits will continue to depend on activities like foreign exchange (perhaps the best performer last year as the yen appreciated sharply) and new fields like consumer financing. Neither of these are considered ideal foundations on which to build a stable banking institution.

Finally, there are only remote chances of changing fundamentally the Japanese banking structure to allow foreigners more than a marginal role.

Japanese borrowers from foreign banks (generally exporters trying to hedge against foreign exchange risks) are becoming much more sensitive geographically in choosing lenders, and more inclined to diversify their borrowing. This means that the biggest geographical blocks of banks, like the Americans, will find their share reduced. Inevitably the biggest of the American banks who have been established in Tokyo the longest, will win over the smaller, late arrivals.

Optimists in the foreign banking community can always hope that dollar loan demand will recover miraculously and bring the spreads up from the now standard 0.5 per centage point over Libor back to the one point-plus of just two years ago. The likelihood is, however, that this will not happen. The growth of foreign bank loans from just Y700bn in 1971 to over Y3,500bn outstanding by 1976 occurred against the background of a Japanese economy expanding on the basis of industries which imported large amounts of raw materials. Foreign currency loans allowed economic growth beyond the constraints imposed by the balance of payments. There are no such constraints now and Japanese banks are busily exporting large amounts of capital.

TOP TEN FOREIGN BANKS IN JAPAN

Outstanding loans and bills discounted in half-year to September 30.

	Loans Ybn	Percentage change from previous half	Previous ranking
1. Citibank	428.3	(− 9.3)	1
2. Chase Manhattan	321.6	(−13.5)	2
3. Bank of America	305.8	(−12.0)	3
4. Morgan Guaranty Trust	139.1	(−10.7)	4
5. Deutsche Bank	133.0	− 1.8	5
6. Manufacturers Hanover	111.2	(− 0.5)	6
7. Bankers Trust	97.5	+ 1.4	7
8. Chemical Bank	85.3	(− 9.5)	8
9. Continental Illinois	83.1	(− 7.5)	9
10. Dresdner Bank	74.2	(− 9.3)	10

The latest compilation of foreign bank balance sheets reveals that loans and bills discounted in the half-year ended September 30 fell for all banks by 5.6 per cent to Y3,208bn ($16bn) after a 8.4 per cent drop in the March half-year. The American banks, numbering 22 as a group, took the biggest loss in loan business, down 9.4 per cent compared with an 8.4 per cent decline in the previous half-year period. Deposits were up only 0.6 per cent to Y1,039bn (down 0.2 per cent for U.S. banks).

Assets as of September were down 1.5 per cent (down 7 per cent for the Americans) to Y5,060bn.

The problem boils down to competition with Japanese banks, who were able to increase their lending by 9.4 per cent in the latest half-year. Even Japanese insurers have stepped up their lending.

For some of the most profitable foreign banks, the decline in lending reflects a refusal to lend at very low profit margins in Japan when margins are better elsewhere.

The decline also partially reflects a devaluation (in terms of yen) of the dollar portion of the loans held in the portfolios of the banks here; about 40 per cent of the assets of foreign banks are foreign currency denominated.

For the forseeable future, the foreign bankers in Tokyo will have to base any improvement in business chiefly on better utilisation of their assets in foreign exchange and letters of credit; on a very practical level, efforts will be needed to keep down the running costs of sometimes overweight Tokyo branches.

Finally, there is the question of whether the foreign banks can ever play more than a supplementary role in the Japanese financial community. The foreigners are, to all intents, guaranteed against having to take losses on the loans they make to Japanese borrowers, even if the company goes bankrupt. The price of this security, though, is that foreign banks are the most expendable sector of the financial community when times are bad.

Peko-Wallsend emerges as bidder for Sims

BY JAMES FORTH IN SYDNEY

PEKO-WALLSEND, the *mining* and industrial group, has confirmed that it is the bidder for Sims Consolidated, the diversified industrial company. Peko is making an all-paper offer of 27 Peko shares for every 100 Sims's shares based on Peko's closing market price here yesterday of *A$5.60,* the bid values Sims at A$2.6m (U.S.$71.1m) or A$1.51. This compares with a market price of A$1.12 last week when Sims directors announced that talks were being held which could lead to a takeover offer.

If the bid succeeds, and it has the unanimous approval *of* the boards of both companies, it will be one of the largest company takeovers in Australia.

Peko already holds almost 2.9m shares in Sims, or 6.8 per cent of the capital, purchased over the past 12 months.

Although essentially a mining group with substantial coal, gold, tungsten, uranium, bismuth and copper interests, Peko has also diversified into engineering and other industrial activities. Peko views the Sims bid as a major strengthening of the industrial activities, which will open up areas for new development.

Sims' major activities are as a scrap metal merchant but it also has a wide variety of other interests including agricultural machinery, hardware and a 64 per cent stake in formfit, the publicly-listed women's foundation garments maker.

Peko views a Sims merger as offering a significant complementary pump manufacturing business, a major interface in transport. The combined group would be one of the largest in Australia.

Peko also believed that Sims's activities in engineering, tradtions would also be complementing and waste treatment operatary to its own opeartions. However, the scrap metal operation is the main target.

Mr. G. B. Lean, the chairman of Peko, said that one of the problems of mining was in finding new mine. Sims, on the other hand, by its very nature received a wide range of raw materials from which it recovered a wide variety of metals at a rate equivalent to an existing mine—"I regard Sims as an evergreen mine," he said. Mr. Lean said that Sims's investments in Formfit and hardware retailing at present had no notable parallels in Peko. There had been no decision regarding these activities, but it would take a "very good reason" for *Peko to make* any alteration.

Mr. J. H. Broinowski, the chairman of Sims, said a successful merger would allow Sims to speed up its expansion programme which had been curtailed by liquidity problems.

Earnings of Sims had fallen each year since 1975, when the group earned a record A$10.7m, and last year Sims turned in its *first* loss, of A$1.1m (U.S.$1.25m). The decline was largely due to falling scrap metal prices but there had been an improvement in recent months and Mr. Broinowski said Sims was making a "first rate recovery."

Sims normally releases its *profit* results for the *January* half year, late in March, which means that they may not be included in the Sims' directors recommendations in the formal offer documents. But the results should be released while the offer is still open.

The offer is ex any interim dividend payable *by* Sims. Accepting shareholders would not participate in Peko's interim, normally payable in April, but would rank for the final.

Peko intends to maintain Sims as a separate division under its existing management, headed by Mr. Broinowski as chairman. Executive directors of Sims would join the executive committee of Peko.

Mr. Broinowski, who is also a director of Peko, said that be had been glad to have Peko buying large parcels of Sims shares when they *came* on the market during recent months. He said that Sims was obviously vulnerable to take-over.

G. J. Coles raises earnings

By Our Sydney Correspondent

G. J. COLES, a major Australian retail group, boosted profits by nearly 19 per cent in the December half-year *from A$24.2m to A$28.9m* (U.S.$32.8m) and has raised its interim dividend from 4.5 cents a share to 5 cents.

The gain was achieved on a 15.6 per cent increase in group sales from A$963m to A$1.1bn, *indicating* that the directors' forecast of sales *above A$2bn for the full year* could well be achieved.

***However,* the results include the Christmas trading season, which is normally the more booyant. The results have also been adjusted to reflect the acquisition of the 51 per cent of K-Mart (Australia) previously held by the U.S. K-Mart group. K-Mart's contribution to sales totalled A$211.7m and to profit A$7.19m from the date of acquisition on June 25. In the corresponding six months, K-Mart contributed A$ 169.5m to sales and A$5.5m to profits.**

Coles said it had managed to keep ahead of budget each month and ended the period well ahead of expectation. The most significant effect of the K-Mart consolidation was on profit margins. On a pre-tax basis, Coles' result was equivalent to 4.18 cents for every dollar of sales compared with 4.16 *cents* previously; including K-Mart, it jumped from 4.52 cents to 4.61 cents.

The company said it was a constant objective to keep the profit ratio rising and was *confident that Coles both in* its own right and combined with K-Mart would achieve a further increase.

Westfield plans asset sales

BY OUR SYDNEY CORRESPONDENT

***THE PROPOSED reconstruction of Westfield, the property group,* appears to be on a larger scale than originally indicated. Directors said yesterday that it was proposed to sell major assets with a book value of A$ 89m (U.S.$ 101m) for a total of A$ 174m.**

***The net assets will be sold to property trust for A$ 100m.* The remaining A$ 74m will be used to pay out mortgages over properties bought by the trust to ensure that it ends up with unencumbered assets.**

Record profits at Sanyo despite sales setback

BY YOKO SHIBATA IN TOKYO

SANYO ELECTRIC Company, a major integrated manufacturer of household electric appliances, to the year ended November reported record operating *profits of* Y20.6bn ($103.2m), up 5.6 per cent, and record net profits of Y11.3bn, up 3.8 per cent over a year ago. The record performance came despite a slight setback in sales to Y527.5bn ($2,638m), down 0.9 per cent for the year.

In the latter half of the fiscal year the company was hit hard by declining export profitability due to the yen's rise. The hot summer, however, brought *gains* for household electric appliances such as air conditioners and refrigerators. The gains of 15 per cent (accounting for 31.6 per cent of the total sales) increased domestic sales up by 18 per cent.

Exports, which accounted for 44.9 per cent *of the total turnover* (46 per cent in 1977), sagged by 18 per cent to Y236.6bn.

While the fall in exports was partly because of the yen's appreciation, the company also shifted some production to overseas factories to avoid the worst effect of the yen appreciation.

The company expanded overseas *production* in line with a strategy to make one-third of total sales from overseas manufacturing, another one-third by export from Japan and the rest in the domestic market. In particular, the company shifted output of products with low added value to overseas factories, such as *Citizensband* radios in Singapore and low-priced *tape recorders* to various overseas manufacturing bases.

Because of recent U.S. moves to impose anti-dumping duties on *Japanese colour TV sets* and the rise of the Yen, Sanyo established a U.S. manufacturing subsidiary, Sanyo Electric and Electronics, which will produce all of its colour TV sets to be marketed in the U.S. The company had already secured two fully-fledged production bases for *audio* equipment and colour TV receivers in the U.S., Fisher *Corporation* in California and Sanyo Manufacturing Corporation Arkansas.

For the current fiscal year ended November 1979, Sanyo expects sales at Y550bn.

WORLD STOCK MARKETS

Wall St. narrowly mixed at mid-session

INVESTMENT DOLLAR PREMIUM
\$2.60 to £1 — 92½% (93¼%)
Effective \$1.9960 47½% (48¼%)

THERE WAS no decided trend established on Wall Street yesterday morning and stocks recorded narrow mixed movements at mid-session after another moderate business.

The Dow Jones Industrial Average was a marginal 0.43 easier at 855.34 at 1 p.m., while the NYSE All Common Index shed 6 cents to \$56.79 and declines outscored gaining issues by a slim margin. Turnover came to 16.34m shares, against Monday's 1 p.m. figure of 17.05m.

The Commerce Department reported that the U.S. December trade deficit expanded to \$2.04bn from \$1.95bn in November. Analysts said, however, that although the trade balance worsened slightly, it was not as bad as some had expected.

They added that investor sentiment remains divided over the outlook for interest rates. Despite reductions in broker loan rates, which often precede prime rate reductions, economists say interest rates could still go higher later this year.

IBM gained 1½ to \$313. The company has introduced two intermediate-sized processors with the densest logic and memory circuitry ever in an IBM processor.

Washington Steel climbed 2½ to \$35. The Board has rejected a merger bid from Talley Industries. Talley, which reported a reduction in fiscal third-quarter net profits, slipped to \$25½. It has suspended talks with Boise Cascade on a possible merger. Boise were unchanged at \$31½.

Stone Container gained 1⅛ to \$28¾. Golds were lower. Dome Mines shed 1½ to \$78¾ and ASA ½ to \$20¾. Amax lost 2½ to \$51½ after a sharp rise on Monday. It said that in a few days it will report higher profits for the year.

THE AMERICAN SE Market Value Index receded 0.19 more to 161.74 in moderate activity. Volume 1.48m shares (1.60m).

Volume leader Syntex slipped ⅛ to \$37¼. The stock rose sharply last week after the company obtained approval to market its Polycon contact lens in the U.S.

Among other Amex activities, Amdahl lost ⅜ to \$44¾. Resorts International "A" ½ to \$31¾ and International Banknote ⅛ to \$3¼.

Outdoor Sports Industries said the owner of 19.8 per cent of its shares may seek to liquidate Outdoor Sports and distribute the proceeds to shareholders. Outdoor Sports rose 1¼ to \$18½.

Canadian Merrill retreated 1⅞ to \$18 and Huffy 1⅛ to \$10⅞.

Closing prices and market reports were not available for this edition.

Canada

A seven-week old advance, which has lifted markets to record levels, eased abruptly yesterday as share prices sagged in active early trading.

The Toronto Composite Index declined 4.9 to 1,377.5 at mid-day, while Golds lost 9.4 to 1,513.5, Oils and Gas 4.3 to 1,911.0, Metals and Minerals 3.5 to 1,232.8 and Banks 4.55 to 324.70. Papers, however, rose 1.03 to 159.31.

Bank of Nova Scotia, which plans to make a rights offer, shed ⅜ to C\$24, while Bank of Montreal, C\$26⅛, and Royal Bank, C\$41⅞, also eased ⅛ apiece.

Placer Development fell C\$1 to C\$28 despite higher annual earnings.

Tokyo

The market closed lower for the first time in eight sessions after late profit-taking more than erased an initial fresh gain.

The Nikkei-Dow Jones Average was a modest 6.21 down at 6,166.08 on the day, while trading volume decreased to 380m shares from Monday's level of 520m.

Chemicals, Textiles, Paper-Pulps and large-capital shares, which led the recent rise, closed generally lower. Sanyo Kokusaku Pulp shed Y4 to Y191, Toyo Soda Y6 to Y166, Mitsui Toatsu Y2 to Y163 and Nisshin Steel Y2 to Y205.

Some Electricals, however, were higher, reflecting the U.S. dollar's further appreciation in Tokyo. TDK Electronic gained Y30 to Y1,880 and Pioneer Electronic Y20 to Y2,010.

Jaces were notable for an advance of Y19 to Y778, but Canon retreated Y12 to Y505.

Germany

Worry about the situation in Iran and a rise in West German interest rates contributed to a recessionary trend in Bourse prices yesterday, although stocks mainly finished above the day's worst. The Commerzbank index, up 5.5 the previous day, recorded a loss of 5.4 at 821.3 yesterday.

In Electricals, AEG receded DM 2.90 more to DM 66.90 on rumours that the company had made a higher-than-expected 1978 loss. These rumours were compounded by reports in the Press, which AEG denied, that the company was negotiating to divest itself of its wholly-owned Olympia office equipment-making subsidiary. Siemens lost DM 1.70.

Stores posted losses of between DM 1.00 and DM 2.00, with Karstadt down DM 2.00 and Neckermann off DM1.50.

Among Banks, Bayerische Vereinsbank declined DM 5.00 and Deutsche Bank lost DM 1.30, while in the Motors sector, Daimler fell DM 3.00, Volkswagen DM 2.70 and BMW DM 2.00.

Against the trend, Preussag moved ahead another DM 2.50, while Hoesch added DM 1.00.

On the Domestic Bond Market, Public Authority issues continued to ease, shedding up to 60 pfennigs more, with the Regulating Authorities buying DM 18.7m nominal of paper after DM 31.4m purchases on Monday. Mark Foreign Loans tended easier.

Switzerland

The recent uptrend continued over a wide front in heavy dealings. The Swiss Bank Corporation Industrials Index gained 2.3 more to 319.8.

Dealers said many foreign institutional investors are increasing the proportion of Swiss shares in their portfolios. One dealer said he sees the current rising trend continuing for the next few months with occasional interruptions due to technical reactions.

Moevenpick were up 105 at SwFr 3,375 in what dealers termed a narrow market. Elektrowatt gained 15 to SwFr 2,010. Forbo "A" 30 to SwFr 1,710, Aerlikon Buehrle 30 to SwFr 2,670, and Nestle 30 to SwFr 3,595 and Aluminium 20 to SwFr 1,365.

Other favourites were Jelmoli, up 45 at SwFr 1,475, SIG Bearer, which rose 45 to SwFr 1,695, and Bank Leu Bearer, 70 higher at SwFr 3,500.

Paris

Share prices were inclined to drift lower in quiet trading, with investors hesitant over labour unrest in France and renewed confrontations in Iran.

Against the generally weaker trend, however, Mechanicals, Stores and Oils mainly advanced, while Portfolios and Metals were mixed.

Europe 1 lost 5 per cent more despite stating that its 1977/78 dividend payment will be 10 per cent above that of the previous 12 months. Brokers said investors had already discounted the news.

Also losing ground were Peugeot-Citroen, Legrand, La Henin, St. Louis, Kleber, Bouygues, Primagaz, Bellon and Generale des Eaux.

Chargeurs Reunis, Generale d'Entreprises, Generale de Fonderie, Nouvelle Galeries, Saone, Elf-Aquitaine, Fressinay and Inetal were among stocks recording gains.

Australia

Markets returned from the holiday lengthened weekend on an easier note, sentiment dampened by the December quarter Consumer Price Index rise and lower overnight trends on London and Wall Street stock markets. The Sydney All Ordinary index slipped back 4.39 to 566.98.

BHP receded 18 cents to A\$9.46 and CSR 15 cents to A\$3.55, while among a weaker Stores sector Myers declined 5 cents to A\$1.87 and Woolworths 4 cents to A\$1.60.

Peko Wallsend retreated 30 cents to A\$5.60 following its offer for Sims, which put on 5 cents to A\$1.42.

Elsewhere in Minings, CRA declined 10 cents to A\$3.30, but a firm spot was provided by BH South, up 4 cents at A\$1.58.

Hong Kong

Market remained closed for the Chinese New Year holiday.

Johannesburg

Gold shares turned easier in moderate trade, while Mining Financials were mixed with a softer bias.

Antimony issue Consolidated Murchison gained 50 cents to R5.50 on strong UK buying interest, but Platinums, strong of late, reacted on profit-taking. Rustenburg Platinum receded 13 cents to R2.85.

NOTES: Overseas prices shown below exclude \$ premium. Belgian dividends are after withholding tax.
♦ DM 50 denom. unless otherwise stated, yields based on net dividends plus tax.
▼ Pta 500 denom. unless otherwise stated.
♣ DKr 100 denom. unless otherwise stated.
♦ SwFr. 500 denom. and Bearer shares unless otherwise stated. ¶ Y50 denom. unless otherwise stated. ‡ Price at time of suspension. a Florins. b Schillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross div. %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. n Francs, including Unilac div. p Nom. q Share split. s Div. and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. * Asked. † Bid. § Traded. ‡ Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. Δ Interim since increased.

Indices

NEW YORK—DOW JONES

	Jan. 29	Jan. 26	Jan. 25	Jan. 24	Jan. 23	Jan. 22	1978-79 High	1978-79 Low	Since Compil'tn High	Since Compil'tn Low
♦ Industr'ls	855.77	858.75	854.64	846.41	846.85	838.53	907.74 (8/9)	742.12 (28/2)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me B'nds	85.24	85.04	84.88	84.46	84.45	84.35	90.66 (4/1/78)	84.09 (15/1/79)	—	—
Transport.	217.91	218.74	218.35	217.25	217.86	217.57	261.48 (6/9)	199.31 (9/1/78)	279.88 (7/2/69)	12.23 (8/7/32)
Utilities	104.50	104.88	105.52	102.67	102.77	102.08	110.98 (3/1)	97.78 (20/12)	163.32 (20/4/69)	10.58 (28/4/42)
Trading vol 000's	24,240	34,230	31,440	31,181	38,130	24,880	—	—	—	—

♦ Day's high 862.90 low 851.61

Ind. div. yield %	Jan. 30	Jan. 12	Jan. 19	Year ago (approx.)
	5.66	6.81	3.80	6.02

STANDARD AND POORS

	Jan. 29	Jan. 26	Jan. 25	Jan. 24	Jan. 23	Jan. 22	1978-79 High	1978-79 Low	Since C'mpil'tn High	Since C'mpil'tn Low
‡Indust'ls	113.29	113.64	112.82	111.92	112.71	111.41	118.71 (12/9)	95.51 (6/3)	134.54 (11/1/73)	3.52 (30/6/32)
§Composite	101.55	101.86	101.19	100.15	101.05	99.90	106.99 (12/9)	89.08 (6/3)	125.85 (11/1/73)	4.40 (1/6/32)

	Jan. 24	Jan. 17	Jan. 10	Year ago (approx.)
Ind. div. yield %	4.96	4.97	4.91	5.13
Ind. P/E Ratio	2.06	9.01	8.93	8.74
Long Gov. Bond Yield	8.91	8.97	8.98	8.17

N.Y.S.E. ALL COMMON

Jan. 29	Jan. 26	Jan. 25	Jan. 24	1978-79 High	1978-79 Low
56.85	56.99	56.62	56.07	60.38 (11/9)	48.37 (6/3)

Rises and Falls

	Jan. 29	Jan. 26	Jan. 25
Issues Traded	1,903	1,881	1,876
Rises	686	250	1,026
Falls	792	520	461
Unchanged	418	411	389
New Highs	39	51	30
New Lows	8	8	5

MONTREAL

	Jan. 29	Jan. 26	Jan. 25	Jan. 24	1978-79 High	1978-79 Low
Industrial	232.44	232.26	231.57	230.73	232.44 (29/1/79)	152.90 (16/2)
Combined	237.05	236.67	235.79	234.49	237.05 (29/1/79)	170.82 (30/1)
TORONTO Composite	1382.4	1379.5	1376.4	1368.7	1382.4 (29/1/79)	998.2 (30/1)
JOHANNESBURG Gold	275.3	274.3	(c)	(c)	275.3 (29/1/79)	186.0 (3/4)
Industrial	300.8	298.5	(c)	(c)	300.8 (29/1/79)	194.5 (13/3)

EUROPEAN OPTIONS EXCHANGE

Series		April Vol.	April Last	July Vol.	July Last	Oct. Vol.	Oct. Last	Stock
ABN	F.370	1	12.50	—	—	—	—	F.372
ABN	F.380	5	6.40	—	—	—	—	"
ABN	F.320	1	2.80	—	—	—	—	"
AKZ	F.93	3	6.30	—	—	—	—	F.30.40
AKZ	F.27.30	3	4.30	—	—	—	—	"
AKZ	F.30	16	2	3	3.40	—	—	"
AKZ	F.32.50	39	1.10	21	2	72	3	"
AKZ	F.33	46	0.60	7	1.20	—	—	"
CSF	F.380	10	23.80	—	—	—	—	F.383.50
CSF	F.400	—	—	2	22	10	29.40	"
EK	\$60	—	—	2	8	—	—	\$63⅞
GOB	F.150	10	5.90	3	8.20	—	—	F.147
GOB	F.160	—	—	10	3.70	—	—	"
HO	F.33	13	1.30	21	2.50	—	—	F.33
HO	F.37.30	5	0.80	22	1.80	—	—	"
HO	F.40	3	0.40	4	1	—	—	"
IBM	\$300	5	22	—	—	—	—	\$311½
IBM	\$380	1	10⅝	—	—	10	24¼	"
KLM	F.120	92	4.30	16	7.50	3	9.50	F.113
KLM	F.130	7	1.90	34	4.30	—	—	"
KLM	F.140	—	—	21	2.50	—	—	"
KLM	F.170	10	0.30	10	0.70	—	—	"
NN	F.110	—	—	5	8	—	—	F.111.70
NN	F.120	1	9	5	3.60	—	—	"
PHI	F.92.50	127	2	—	—	—	—	F.24
PHI	F.25	15	0.80	38	1.10	23	1.70	"
PHI	F.27.50	—	—	3	0.50	36	0.80	"
PRD	\$60	1	2¼	—	—	—	—	\$54¼
PSA	F.440	2	3.50	—	—	—	—	F.404
RD	F.120	9	10	9	11.80	25	12	F.128
RD	F.130	28	3.50			2	6.20	"
RD	F.140	55	0.70	30	1.50	—	—	"
UNI	F.150	2	1.70	—	—	—	—	F.123.80
		Feb.		May		August		
BA	\$70	1	9	—	—	—	—	\$78⅛
		March		June		Sept.		
2B	\$25	—	—	—	—	5	⅞	\$21⅛

TOTAL VOLUME IN CONTRACTS 932

BASE LENDING RATES

A.B.N. Bank	12½%
Allied Irish Banks Ltd.	12½%
Amro Bank	12½%
American Express Bk.	12½%
A P Bank Ltd.	12½%
Henry Ansbacher	12½%
Associates Cap. Corp.	12½%
Banco de Bilbao	12½%
Bank of Credit & Cmce.	12½%
Bank of Cyprus	12½%
Bank of N.S.W.	12½%
Banque Belge Ltd.	12½%
Banque du Rhone et de la Tamise S.A.	13 %
Barclays Bank	12½%
Barnett Christie Ltd.	13½%
Bremar Holdings Ltd.	13½%
Brit. Bank of Mid. East	12½%
■ Brown Shipley	12½%
Canada Perm't Trust	12½%
Cayzer Ltd.	12½%
Cedar Holdings	12½%
■ Charterhouse Japhet	12½%
Choulartons	12½%
C. E. Coates	12½%
Consolidated Credits	12½%
Co-operative Bank	*12½%
Corinthian Securities	12½%
Credit Lyonnais	12½%
Duncan Lawrie	12½%
The Cyprus Popular Bk.	12½%
Eagil Trust	12½%
English Transcont.	12½%
First Nat. Fin. Corp.	14 %
First Nat. Secs. Ltd.	14 %
■ Antony Gibbs	12½%
Greyhound Guaranty	12½%
Grindlays Bank	12½%
■ Guinness Mahon	12½%
■ Hambros Bank	12½%
■ Hill Samuel	§12½%
C. Hoare & Co.	†12½%
Julian S. Hodge	13½%
Hongkong & Shanghai	12½%
Industrial Bk. of Scot.	12½%
Keyser Ullman	12½%
Knowsley & Co. Ltd.	14½%
Lloyds Bank	12½%
London Mercantile	12½%
Edward Manson & Co.	13½%
Midland Bank	12½%
■ Samuel Montagu	12½%
■ Morgan Grenfell	12½%
National Westminster	12½%
Norwich General Trust	12½%
P. S. Refson & Co.	12½%
Rossminster	12½%
Royal Bk. Canada Tst.	12½%
Schlesinger Limited	12½%
E. S. Schwab	13½%
Security Trust Co. Ltd.	13½%
Shenley Trust	14 %
Standard Chartered	12½%
Trade Dev. Bank	12½%
Trustee Savings Bank	12½%
Twentieth Century Bk.	13½%
United Bank of Kuwait	12½%
Whiteaway Laidlaw	13 %
Williams & Glyn's	12½%
Yorkshire Bank	12½%

■ Members of the Accepting Houses Committee.
* 7-day deposits 10%, 1-month deposits 10¼%.
† 7-day deposits on sums of £10,000 and under 10%, up to £25,000 10¼% and over £25,000 10½%.
‡ Call deposits over £1,000 10%.
§ Demand deposits 10%.

Securities Rand US\$0.66½ (Discount of 41.9%)

Source: Nikko Securities, Tokyo

COMMODITIES AND AGRICULTURE

Cuba sugar harvest off to bad start

HAVANA—The new season sugar harvest has got off to a disappointing start, according to sugar officials here.

They blame heavy rains for the difficulties that have led to a shortfall in the production of raw sugar.

No output figures have been published, but Granma, the Communist Party newspaper indicates that some major sugar areas are producing only about 80 per cent of their expected goals while others in Eastern Cuba are reporting only slightly better results.

Crude sugar production goals for the present harvest are estimated to be at least 7.5m tonnes compared with 7.35m tonnes last year.

The rains have had a devastating effect on the productivity of the mechanical cane cutters which are expected to cut half of Cuba's sugar crop this year. Even days after the downfalls the heavy machines have found it impossible to operate.

In Camaguey Province, one of Cuba's major sugar producing regions, an unprecedented 90 milimetres of rain fell in the first 20 days of January.

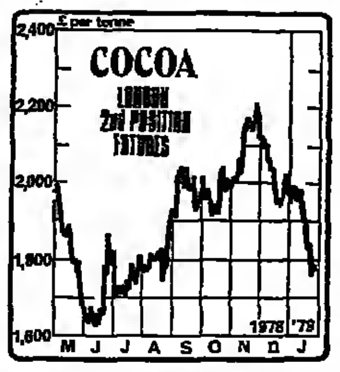
Cane cutting machines in the province achieved less than 70 per cent of their production targets.

In the Minas district, which has two sugar mills that should process about 25m pounds of sugar cane every day, the 59 mechanical harvesters have been totally inoperative because of the swamplike conditions.

Fresh falls expected in world cocoa prices

BY RICHARD MOONEY

MOST LONDON traders expect the cocoa market to resume its recent downtrend after it failed yesterday to follow through on Monday's price rally.



Monday's rise had been encouraged by forecasts of a low Ghanaian maincrop purchase figure and these predictions were confirmed yesterday when the Cocoa Marketing Board announced that purchases in the 16th week of the current season (ended January 25) totalled only 6,240 tonnes compared with more than 10,000 tonnes in the previous week.

The cumulative Ghana crop total now stands at 227,878 tonnes, still over 12,000 tonnes short of the predicted level.

But dealers responded to the news by marking prices lower and the May position slipped to £1,763 a tonne during the morning before ending the day £6 down on balance at £1,776.5 a tonne.

Market sources said traders who had bought cocoa on the strength of the expected lower purchase figure appeared anxious to take their profits. They also noted that some observers suspected the low figure did not include purchases from the Western and Volta regions. If this is the case next week's official total could be much higher.

The main reason for the persistently "bearish" mood of the market is growing evidence of increased availability of cocoa from West African origins.

The official Ghanaian crop is expected to yield a further 20,000 to 30,000 tonnes while an additional 15,000 to 20,000 tonnes are estimated to have been smuggled across the border into the Ivory Coast, where higher prices are paid.

The smuggling of Ghana cocoa, which local sources say amounted to some 40,000 tonnes last year, is believed to have been reduced earlier in the current season following the doubling of prices paid to Ghanaian growers. But the illegal trade has increased again in the last two months, the sources claim.

Even discounting the smuggled cocoa, Ghana's main crop is expected to be recorded at around 250,000 tonnes.

The Ivory Coast is expected to produce about 240,000 tonnes from its main crop compared with 265,000 last year, making a total of around 280,000 tonnes against 290,000 in 1977-78.

The other important factor depressing the market is the disappointing consumption pattern. A sharp increase in demand for cocoa had been predicted but the latest round of major grindings figures indicated a minor increase in usage during the final quarter of last year.

UK fish catch falls by 17%

By Our Commodities Staff

UK LANDINGS of demersal food fish (mainly cod and haddock) fell to about 415,000 tonnes in the year ended September 1978, according to figures published yesterday by the White Fish Authority (WFA). This represents a fall of 17 per cent compared with the previous 12 months.

The catch reduction was entirely attributable to distant water fishing which produced 65 per cent less fish. Despite an 11 per cent rise in average prices the value of the distant water catch fell 61 per cent.

The British catching performance in near and middle water grounds was much better. Landings of 142,499 tonnes were 42 per cent higher than in the previous 12 months.

Rise in milk surpluses forecast

FINANCIAL TIMES REPORTER

WORLD MILK production in 1979 will rise faster than demand and aggravate existing problems of surplus dairy output, according to a report released by the Food and Agriculture Organisation of the United Nations (FAO).

Last year, excessive milk supplies in major dairying countries necessitated costly surplus disposal measures, kept prices in world trade at low levels and discouraged the expansion of milk production needed in developing countries.

This year, FAO says, milk production will rise faster than in 1978, when it rose about 1 per cent to 457m tons. But it will not equal the 3 per cent rise of 1977.

Milk production will be encouraged by abundant feed supplies from bumper 1978 harvests and by higher government price supports in the USSR, Eastern Europe and Oceania. It is predicted that milk production will level off this year only in North America.

Demand for milk is strong in Eastern Europe and the USSR and in some developing countries, notably oil exporting countries, following the recent rise in oil prices. However, sluggish demand is likely in the major markets of North America, Europe and Oceania.

FAO sees little hope for higher prices in international dairy trade this year. Export markets are over supplied, and despite some rise during the past year, trade prices of skimmed milk powder remain depressed, at about one third of the domestic market levels of northern hemisphere dairying countries.

Dairy product stocks will tend to rise again, notably in the EEC and Oceania.

Stocks of powdered skim milk, however, will continue to be held in check by costly disposal programmes. The EEC, U.S. and other countries will donate an estimated 280,000 tons of milk powder to developing countries, much more than was shipped last year. Much of the unwanted skim milk will be fed to livestock, especially in the European Community.

In 1978 the EEC sold nearly 2m tons of powered milk to pig and poultry farmers at heavily subsidised prices.

The organisation predicts that the EEC will not be able to stop growth in milk output in 1979.

Output is also expected to grow further in Japan where the stimulation of high cost dairying has recently caused some surplus problems.

While milk production in developing countries may accelerate this year, the FAO report predicts gains will be limited by the impact of world dairy surpluses.

Milk output has stagnated recently even in countries with excellent potential for dairying such as Chile and Argentina. Argentina, a traditional dairy exporter, has now become an importer.

Big rise in cost of cobalt

By Our Commodities Editor

ZAIRE STATE metals trading company, Sozacom, confirmed yesterday it was raising its producer price for cobalt, following the increase announced by Zambia last Friday.

However, like Zambia, Sozacom pledged that it will keep the new price unchanged for six months. What is not certain is how far this pledge of stability, which is aimed at restoring confidence in the cobalt market, will apply against changes in exchange rates.

Sozacom is raising its North American price by the same amount as Zambia from $20 to $25 a pound, effective February 1. But its world price, outside the U.S., based on Belgian francs, is going up by nearly 30 per cent from BFr 1,250 to 1,620 a kilo.

This means that at present exchange rates the UK price, which is calculated on the parity between sterling and the Belgian franc on a daily basis, will rise to about £28,500 a tonne compared with £22,000 at present.

A year ago, prior to the invasion of the Shaba province in Zaire which normally provides the bulk of the world cobalt supplies, the UK producer price was £7,500.

Cobalt sold on the free market — that is, supplies available mainly from merchants—reached $50 a pound.

U.S. copper price increase

By Our Commodities Editor

COPPER prices rose initially on the London Metal Exchange yesterday following news that Phelps Dodge had followed Duval Mining in raising its U.S. domestic copper price by 3 cents to 80 cents a pound.

However when the three months' quotation rose above £890 a tonne, briefly touching £894 at one stage, heavy profit-taking sales came in and forced prices down again. As a result cash wirebars closed £6 lower at £865.5 a tonne, and three months was £7 down at £883.75.

U.S. copper prices have risen by 10 cents since mid-December reflecting buoyant demand and the fall in stocks. They are now at the highest level since 1974.

BRAZILIAN LIVESTOCK

Imports rise as beef herd falls

BY RIK TURNER IN SAO PAULO

IN THE early 1970s Brazil was a major beef exporter, her meat fetching prices equal to and on occasions higher than Argentine beef.

Nowadays she is having to import from her neighbours and one-time competitors — 70,000 tonnes from Argentina and 40,000 from Uruguay last year. A buyer in a leading cold storage firm estimated recently that as much as 200,000 tonnes may have to be imported this year—the same amount Brazil was able to export in 1971-72.

Domestic consumption has remained fairly constant over the last few years, reaching 22 kilos a head in 1978. There are areas such as the Amazon Basin and the poor North East states where beef is either unheard of or an expensive luxury (North Easterners commonly eat goat).

But in Rio de Janiero, Sao Paulo and the affluent south generally, beef is an accepted part of the average diet. It is these areas, which have felt the beef industry's problems most acutely.

This situation is largely the result of what beef trade sources like to call the "demagogic" Government policy which seeks to keep the price in supermarkets down. During the slaughtering season (January-July) there is actually a surplus of beef, which the Government agency, Cobral, buys and stores for sale to supermarkets later in the year. The supermarkets are obliged to charge prices established by the National Supply Board, Sunab.

Cold storage firms are only allowed to sell their meat to butchers, who are not subject to the same controls. In practice the scheme tends to benefit those living in higher income areas, since supermarkets are not often in poorer districts.

This policy thus takes a whole area of the market from cold-storage firms, with a subsequent drop in their profits. At the same time, it does nothing to stop the rise in production costs (tractors, petrol, diesel and veterinary medicines), with the result that cattle-rearing has become increasingly unprofitable. Some cattlemen have gone over to more lucrative activities such as arable farming.

In the traditional cattle lands of Rio Grande do Sul (home of the Brazilian *gaucho*), 50 per cent of the State's pastureland has been converted to the cultivation of soyabeans or wheat. Others have taken to reducing their herds to push up the prices in an attempt to force the Government to change its policy.

Between 1976 and 1978, 6m cows were slaughtered rather than kept for breeding, and the total herd is now down to 80-85m head, from the 1975 figure of 100m. As a result the price to the abattoirs went on last year from Cruzeiros 185 (£4.50 approximately) for 15 kilos to Cr. 520 (£12). A source in the industry thought that most slaughterhouses were "only surviving, but not making any money."

General J. B. Figueiredo, Brazil's President Elect, has promised ample support to the agricultural sector when he comes into office in March, and the present Government has already shown signs of responding to pressure from the industry for change. In recent weeks the supermarket price has twice been allowed to rise, resulting in an overall increase of 59 per cent in 35 days.

Even so, a steak bought at the supermarket still only costs around 75p per pound, which makes visiting Europeans comment at how cheap meat is in Brazil.

However, price rises will inevitably discourage domestic consumption. According to one cattleman that might not be a bad thing, as it would facilitate the long slow process of rebuilding the herds.

Producers and buyers agree that a large part of the answer lies in Government support in the sector in the form of subsidies and financial incentives to cattle reapers to rebuild their herds. Ideally Brazil should have at least a one-to-one ratio of cattle to people, which would mean achieving a figure of some 130m head by 1984.

More pastureland is needed as well. For some 10 years now the Government has been giving big tax incentives to companies such as Volkswagen and the Banco de Credito Nacional to set up huge ranches in the Amazonian states of Para and Mato Grosso. However, these are long-term projects, given the difficulty of land clearance in these areas, and some companies have pulled out more recently due to non-profitability.

In the meantime Brazil seems destined to import at least some of her beef. Domestic stocks have now run out, forcing Rio and Sao Paulo supermarkets to rely heavily on imports from Uruguay. Much will inevitably depend on the new Government's ability to fulfill its promises to the industry. But in any case, it will be a long time before Brazilian beef is seen at London's Smithfield market again.

Profitable year for Spanish farmers

BY ROBERT GRAHAM IN MADRID

THANKS to favourable weather, Spain experienced in 1978 an exceptionally good agricultural year. According to figures just released by the Ministry of Agriculture, growth in this sector was 7.7 per cent. There was also a substantial net increase in agricultural incomes and in the financial resources available to farmers.

Agriculture accounts for a 9 per cent of GDP but the strong performance of this sector helped underpin overall economic performance last year. With industrial growth sluggish at 1.4 per cent and services held down to 3.5 per cent, agricultural growth raised the average to 3 per cent—almost 1 per cent greater than anticipated at the beginning of 1978.

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Lost ground in erratic trading on the London Metal Exchange. After moving up to £894 on the early pre-market reflecting several U.S. producer price rises, forward metal ran into profit-taking which pared the price to the day's low of £881 in the afternoon. [illegible]

three months £887.5, 88, 88.5, 88. Afternoon: Wirebars, three months £886, 86.5, 86, 85.5, 85, 84.5, 84, 83.5, 83, 83.5, 84. Cathodes, three months £871, 70.5. Kerb: Wirebars, three months £884, 83.5, 83, 83.5, 82, 83.5, 84, 83.5, 82.5, 82, 81, 81.5, 82, 82.5, 83, 82.5.

TIN—Barely changed. [illegible]

Morning: Standard, cash £6,940, 30, three months £6,870, 65, 60, 60, 75, 70, 75. High Grade, cash £6,950, three months £6,890. Kerb, Standard, three months £6,875. Afternoon: Standard, three months £6,870, 90, £6,900, 8,910. Kerb: Standard, three months £6,910.

LEAD—Marginally firmer but well [illegible]

ZINC—[illegible]

ALUMINIUM—[illegible]

SILVER

[illegible]

COCOA

covering meeting renewed trade selling for prices to close at the end of a featureless day in the middle of the range, reports Gill and Duffus. [illegible]

Cocoa futures were erratic, trading within a £40 range with initial short [illegible]

COFFEE

[illegible]

GRAINS

[illegible]

COTTON

[illegible]

RUBBER

ABOUT UNCHANGED opening on the London physical market [illegible]

SOYABEAN MEAL

[illegible]

SUGAR

[illegible]

WOOL FUTURES

[illegible]

MEAT/VEGETABLES

[illegible]

PRICE CHANGES

Price in tonnes unless otherwise stated.

[illegible]

AMERICAN MARKETS

NEW YORK, Jan. 30. [illegible]

CHICAGO, Jan. 30. [illegible]

EUROPEAN MARKETS

ROTTERDAM, Jan. 30. [illegible]

PARIS, Jan. 30. [illegible]

INDICES

FINANCIAL TIMES

DOW JONES

MOODY'S

REUTERS

[illegible]

JUTE

[illegible]

GRIMSBY FISH—[illegible]

Egyptian cotton sales still suspended

CAIRO — Sales of cotton from the 1979 Egyptian crop remain suspended pending the publication of final crop figures, the Egyptian Cotton Commission said yesterday.

Sales were suspended last November. Prices fixed last October are still valid, a Commission spokesman said, though there had been no dealings since November. Trade sources said, however, that small amounts of Egyptian cotton had been traded since then, but only to Eastern Bloc countries.

The Commission spokesman said when the price was fixed last October the sale of 375,000 bales was contracted to foreign spinners.

Although sales were subsequently suspended pending the outcome of a final crop figure, he said the instability of the international cotton market was also a factor. Reuter

Contrasting market response to offer to lorry drivers

Equity leaders firmer but inflationary fears upset Gilts

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Jan. 15	Jan. 25	Jan. 26	Feb. 6
Jan. 29	Feb. 8	Feb. 9	Feb. 20
Feb. 12	Feb. 22	Feb. 23	Mar. 6

* "New time" dealings may take place from 9.30 am two business days earlier.

The cost of the latest wage offer to road haulage drivers was disregarded by equity sections in stock markets yesterday but quickly recognised by the Gilt-edged market. The latter sector also had to contend with an economist's view that the Government borrowing requirement could rise sharply and with a bearish forecast about money supply trends.

Equities chose also to ignore the CBI's gloomy deliberations on industrial trends as being quite predictable under the circumstances and leading shares, after initial hesitancy, went ahead in the late morning partially responding to speculation concerning general election possibilities.

Dealers discredited reports that ½m. Imperial Chemical Industries' shares had changed hands outside of the market; most certainly, the gossip had no effect on sentiment which received a boost following the preliminary statement from BAT Industries which well exceeded expectations.

The upward tendency also benefited from a slight squeeze on bear positions opened only on Monday, but when this movement came to an end the leaders began to edge lower in contrast to the continuing firmness of many secondary stocks. A rise of 4 points at noon in the FT 30-share index was thus not held, the close being a net 2.7 higher at 466.0.

A further marginal improvement in trade—official markings totalled 4,655 compared with the previous day's 4,267—was aided by a revived interest in Properties which were stimulated by the appearance of at least two brokers' circulars outlining the changed prospects for the sector. Rises had an increased majority over falls in all FT-quoted industrials from two-to-one on Monday to three-to-one yesterday.

British Funds of a longer maturity reacted to fears about increased inflation and higher interest rates; the rate on this week's batch of Local Authority yearling bonds rose from 12⅛ to 12⅜ per cent. On the whole, selling was light but as the market was unwilling quotations closed at the day's lowest with falls extending to ⅞.

The shorter end of the market was more resilient and a morning rally brought scattered small gains before dullness returned later. After being established at 94½ yesterday, the new Variable coupon traded again at the same price but on a much smaller scale.

Central Assets Capital shares were introduced among recently-issued Fixed Interests and were quoted around £140.8. Shaw Carpets 10 per cent Preference remained at 98p; the opening and closing prices of the latter were in error in yesterday's issue.

Another fairly good two-way business was seen in the investment currency market but, with dollars around from South African gold share arbitrage operations, the premium eased to close ¾ lower at 92½ per cent. Yesterday's SE conversion factor was 0.6757 (0.6762).

Slightly more interest was shown in the Traded Option market yesterday with 505 contracts completed compared with the previous day's 411.

Arlen Electrical, formerly Enalon Plastics, which made a quietly impressive debut last week, pushed up 3 to 67p, compared with the placing price of 50½p per share.

Banks harder

Continuing to reflect favourable comment ahead of the dividend season, the major clearing banks edged further forward in thin trading. Merchant banks attracted scattered buying interest with Wintrust a beneficiary again at 81p, up 4. Arbuthnot Latham rose 5 to 147p but Manson Finance reacted a penny to 48p, the latter following the interim results. In Hire Purchases, Provident Financial hardened 2 to 97p, but FC Finance relinquished 5 to 63p and Wagon Finance cheapened 2 to 42p.

Insurance Brokers moved a few pence higher in continuing response to Press comment.

Breweries encountered a more lively business than of late, and the leaders closed with small gains.

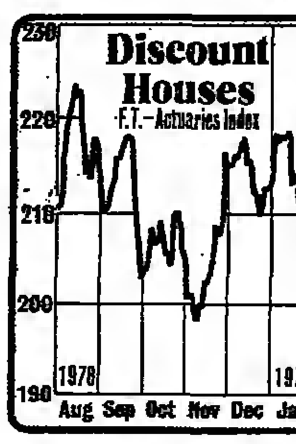
Standing a couple of pence higher ahead of the annual results, IDC moved further ahead on the announcement of an impressive profits recovery to close 15 up at 145p. An investment recommendation stimulated increased interest in Vectis Stone which firmed 6 for a two-day gain of 11 to 58p, but profit-taking clipped 5 from recently firm Nottingham Brick at 325p.

ICI were marked progressively higher on reluctance of sellers rather than because of buying interest and closed 8 to the good at 355p. Among other Chemicals, Stewart Plastics touched 179p on the better-than-expected interim results, but drifted off to finish a net 2 higher at 176p.

Secondary issues continued to provide the focal points in Stores. Persistent demand in a thin market accompanied by vague talk of a bullish brokers' circular helped Lee Cooper close 15 to the good at 195p, while D-I-Y concern Home Charm continued firmly at 275p, up 7. Investment buying lifted Bambers 5 more to 140p. A resumption of interim dividend payments and a sharp increase in half-year earnings left Rosgill a penny harder at 37p. By way of contrast, Cantors A came on offer at 36p, down 6.

Down to 335p at one stage, Decca "A" recovered to close 7 up on balance at 357p following interim results which proved above worst expectations. Demand revived for other Electrical issues where Wholesale Fittings featured with a fresh jump of 18 to 255p in front of tomorrow's half-yearly figures. Further support lifted Sound Diffusion 7 more to 90p, while Electrocomponents gained 8 to 322p. Ferranti, 350p, and Racal, 350p, improved 5 and 4 respectively. Leaders to make headway included GEC, 4 to the good at 321p, after 322p.

Interest in the Engineering leaders was at a low ebb but, after showing gains of a few pence for most of the day, prices reverted to overnight closing levels. Elsewhere, scattered changes were generally in holders' favour. Press publicity given to a broker's circular encouraged revived demand for Williams and James, up 8 at 132p. Occasional support lifted Thomas Robinson 4 to 73p and Braithwaite 3 to 95p, while rises of 2 were marked against Burgess Products, 55p, Downiebrae, 34p, and Chemring, 95p. Bertrams were quoted 2½ higher at 17½p on the return to profitability and T. W. Ward firmed 1½ to 77p following the chairman's annual statement.



Proceedings in the Food sector continued to centre around selected secondary issues. Hillards met further support in anticipation of the mid-term results due on February 7 and added 8 for a two-day gain of 13 to 226p while, in a thin market, Cartiers moved up 5 to 112p. Lennons put on 2 to 34p on the appearance of a large buyer. Barker and Dobson, a particularly dull market of late on worries about the effects of the road haulage strike, picked up 1¼ for a two-day rise of 2¼ to 15½p on the virtual settlement of the dispute.

Awaiting tomorrow's preliminary results, Trust Houses Forte hardened 2 to 263p.

Reed higher

Among the quietly firm miscellaneous Industrial leaders, Reed International stood out with a rise of 6 to 164p following the satisfactory third-quarter figures. Metal Box gained 6 to 314p and Beecham 5 to 605p, while Rank Organisation at 242p retrieved 4 of the recent sharp fall which followed last week's £62m fund-raising call. Elsewhere, a sharp advance in first-half profits buoyed Christie-Tyler which closed 4 to the good at 92p, after 95p, while Syltone added 2 to 148p for a similar reason. Press comment attracted buyers to Hawtin and the close was 2 higher at 16p. Renewed investment demand left Sotheby's 15 better at 370p and Christies International 6 dearer at 156p in sympathy. Provincial Laundries made progress, the ordinary hardening ½ to 24p and the 12 per cent Convertible 1986-88 rising 12 points to £210. Buying on bid hopes prompted a rise of 4 to 120p in Johnson Group Cleaners, while other improvements within a similar band took in Berwick Timpo, 67p, English and Overseas, 44p, Gieves, 110p, J. H. Fenner, 169p, and Avon Rubber, 176p, while ICL revived at 440p up 8. Lep Group, however, fell 9 to 237p and RTD gave up 2 to 121p.

Motor sectors closed gently firm after a slack trade. In Distributors, *British Car Auctions* closed 1½ better at a 1978-79 high of 66p as speculative support persisted despite the chairman's denial of a bid approach. Heron Motor were also firm, 4 up at 115p, while recent dull counters, ERF, 108p, and Rolls-Royce, 101p, both rose the same amount on recovery prospects.

In quiet Paper/Printings, investment demand lifted East Lancashire Paper 10 to 80p, while Capseals put on 2 to 45p, the latter on publicity given to a broker's investment recommendation.

Properties benefited from the effects of two, or possibly more, brokers' circulars on the sector's investment potential. In a brisker trade than of late, Land Securities added 4 to 253p while Stock Conversion improved 8 to 298p, and Slough Estates 5 to 133p. Hammerson A encountered increased interest and put on 15 to 668p, while Peachey hardened 2 to 97p. Among widespread secondary features, Allnott London, 234p, and Bradford, 300p firmed 6 apiece. The increased interim loss had no apparent effect on Country and New Town which held at 35p.

Oils quietly firm

Quiet but firm conditions prevailed in the Oil market. British Petroleum gradually edged higher to close around the day's best of 898p, up 8, while Shell ended similarly better at 568p. Secondary issues followed in the wake of the leaders, with Burmah firming 3 to 94p, while country buying prompted a gain of 6 to 140p in Lasmo.

Among Overseas Traders, S. and W. Berisford continued to benefit from a broker's favourable circular and rose 6 for a two-day gain of 12 to a 1978-79 peak of 174p.

Scattered movements in the Trust sector were usually limited to a few pence either way. Among Financials, Dalgety were again prominent at 328p, up 8, on fresh buying ahead of the interim results, due shortly.

In Textiles, David Dixon moved ahead 3 for a three-day rise of 10 at 138p.

Bats produced taxable profits some £18m better than most market estimates and closed 13 higher at 298p after 300p; the deferred put on 15 to 288p, after touching 270p.

Following the disclosure that M and G Investment Management now holds over 11 per cent of the equity, Guthrie rose 4 to 434p. Elsewhere in Plantations, Anglo-Indonesian advanced 6 to 101p.

Sel. Trust move ahead

UK-based Financials were the only section of mining markets to attract much buying interest. A strong rise in shares of Amax was sufficient to lift Selection Trust, which has an 8.3 per cent stake in the former, by 14 to 500p, after 506p, while Charter, which controls roughly 25 per cent of Selection Trust, put on 5 more to 151p, for a two-day gain of 12.

Rio Tinto-Zinc continued to reflect the recent strength of base-metals and the shares touched a 1978-79 high of 270p before easing to close 4 firmer on balance at 267p. Tanks advanced 7 to 183p.

South African Golds drifted throughout the day, following the downturn in the bullion price, finally $4.50 off at $231.375 per ounce. The Gold Mines index gave up 1.0 to 167.2, while the ex-premium index fell 0.7 to 113.0.

Platinums reacted to profit-taking following the recent sharp gains. Rustenburg were again active and gave up 7 to 140p, while Impala dropped 14 to 220p and Lydenburg 7 to 93p. "Johnnies," which has a substantial interest in Rustenburg, fell ½ to £17½.

Rhodesians gained ground in front of the result of the referendum on one-man one-vote elections in April. MTD Mangula climbed 5 to 50p and Coronation Syndicate 6 to 80p.

A downturn in overnight Sydney and Melbourne markets after the Australia Day holiday caused modest losses in Australians. Peko-Wallsend were notably weak and fell 17 to 478p following news that the company has made a takeover bid for Sims Consolidated, a Sydney-based scrap metal merchant.

Elsewhere, a strong London demand sent Consolidated Murchison another 30 higher at 300p.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1978-79 high	1978-79 low
Shell Transport	25p	11	568	+8	602	484
BATs Defd.	25p	9	288	+15	304	227
Beecham	25p	9	605	+5	726	581
Grd. Metropolitan	50p	9	117	+1	121	87
ICI	£1	9	355	+8	421	328
Reed Intl.	£1	9	164	+6	183	102
Rustenburg	R0.10	9	140	−7	152	70
Haslemere Ests. 'New'	Nil/pd.	8	25pm	+5	25pm	18pm
Marks & Spencer	25p	8	86	+1	94	67½
RTZ	25p	8	267	+4	270	164
Unilever	25p	8	526	+4	602	476
BP	£1	7	898	+8	954	720
GEC	25p	7	331	+4	349	233
Royal Insurance	25p	7	335	—	425	333
Tate & Lyle	£1	7	150	+2	218	144

FINANCIAL TIMES STOCK INDICES

	Jan. 30	Jan. 29	Jan. 26	Jan. 25	Jan. 24	Jan. 23	A year ago
Government Secs.	66.39	66.54	66.56	66.47	66.99	[illegible]	75.61
Fixed Interest	67.96	67.98	68.57	68.58	68.68	69.18	79.20
Industrial	466.0	463.3	463.0	461.0	461.0	467.6	467.0
Gold Mines	167.2	168.2	167.6	171.0	176.0	160.1	151.0
Gold Mines(Ex-$ pm)	113.0	113.7	113.5	116.2	119.2	109.8	116.3
Ord. Div. Yield	6.10	6.12	6.19	6.14	6.20	6.22	5.73
Earnings, Y'ld % (full)	16.30	16.29	16.81	16.55	16.58	17.46	16.46
P/E Ratio (net) (*)	8.01	7.96	8.00	7.94	7.83	7.93	8.12
Dealings marked	4,655	4,267	3,904	3,681	3,437	2,782	6,388
Equity turnover £m.	—	57.15	78.91	72.48	75.55	59.83	72.72
Equity bargains total	—	12,418	12,832	11,678	12,064	11,587	13,817

10 am 462.7. 11 am 465.7. Noon 467.3. 1 pm 466.7. 2 pm 466.6. 3 pm 466.3.
Latest Index 01-246 8026.
* Nil=7.76.
Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. Ex-$ premium index started June 1972. SE Activity July-Dec. 1942. † Correction.

HIGHS AND LOWS

	1978/9 High	1978/9 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	78.58 (3/1/78)	66.39 (30/1/79)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	81.27 (3/1/78)	67.96 (30/1/79)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	535.5 (14/9/78)	433.4 (2/3/78)	549.2 (14/9/77)	49.4 (26/6/40)
Gold Mines	206.8 (14/8/78)	130.3 (6/2/78)	442.3 (22/5/75)	43.5 (26/10/71)
Gold Mines (Ex-$ pm)	152.3 (14/8/78)	90.3 (18/4/78)	337.1 (3/4/74)	54.3 (20/6/62)

S.E. ACTIVITY

	Jan. 30	Jan. 29
—Daily Gilt Edged	142.5	126.2
Industrials	152.0	146.1
Speculative	43.0	37.0
Totals	103.7	97.1
5-day Av'r'ge Gilt Edged	133.6	131.1
Industrials	151.5	137.7
Speculative	50.1	46.1
Totals	90.0	86.7

NEW HIGHS AND LOWS FOR 1978/9

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1978-79.

NEW HIGHS (52)

CANADIANS (2): Bank of Montreal, Royal Bk. of Can., Imperial Oil
BANKS (2): Wintrust, Sterling Credit
BEERS (3): Highland Distilleries, Macallan-Glenlivet, Invergordon
BUILDINGS (3): Carr (J.), I.D.C., Vectis Stone
STORES (6): Bambers, Kitchen Queen, Bolton Textile, Rosgill, Dewhirst, Wilkinson Warburton
ELECTRICALS (2): Sound Diffusion, Wholesale Fittings
ENGINEERING (1): Cohen (A.)
FOODS (1): Carr's Milling
HOTELS (1): Swan Ryan Intl.
INDUSTRIALS (12): Alpine Hldgs., Johnson Matthey, Christie-Tyler, P.M.A., Dykes (J.), Provincial Laundries, English & Overseas, Do. 12pcCnv. 86-88, Hawtin, Sotheby P. B., Huntleigh, Wallace & Homer
LEISURE (1): Assoc. Leisure
MOTORS (1): Brit. Car Auction
PAPER (1): East Lancs. Paper
PROPERTY (7): Amal. Estates, Imry Prop., Bradford Props., Intereuropean, Chaddesley, Hammerson A, [illegible]
TEXTILES (1): [illegible]
TRUSTS (2): [illegible]
OVERSEAS TRADERS (2): Berisford (S. & W.), [illegible]
TEAS (1): [illegible]
[illegible]

NEW LOWS (39)

[illegible]

OPTIONS

DEALING DATES

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Jan. 23	Feb. 5	Apr. 19	May 1
Feb. 6	Feb. 19	May 3	May 15
Feb. 20	Mar. 5	May 17	May 30

For rate indications see end of Share Information Service

Stocks to attract money for the call included Ultramar, Tesco, British Land, UDT, Lonrho Town and City, Decca "A", BP, Charterhall, Monument Securities, Pacific Copper, Marlborough Props. and C.H. Industrials. No puts were reported, but doubles were dealt in English Property, F. Cooper, Cullens A, and Mersey Docks.

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	2	65	23
Corpns., Dom. and Foreign Bonds	2	4	58
Industrials	467	146	916
Financial and Prop.	143	57	308
Oils	15	3	20
Plantation	8	4	20
Mines	24	38	77
Recent Issues	7	5	14
Totals	668	312	1,436

APPOINTMENTS

Board post at Brown Brothers

Mr. R. E. Alden, director of aftermarket distribution, Dana Engineering, has been appointed a director of BROWN

★

Mr. G. P. Cooper has been appointed company secretary of TRANSPARENT PAPER.

★

STOTHERT AND PITT has formed three separate divisions—cranes, contractors plant, and general engineering. Mr. T. E. R. Torrance becomes managing director of the crane division, and Mr. D. R. Clegg, managing director, contractors plant division. The managing director of the general engineering division is to be appointed.

★

Mr. Peter Wood, at present an assistant director of BARCLAYS MERCHANT BANK, has been appointed treasurer. Mr. Peter Bingham, Mr. Michael Hamer and Mr. Simon Chantry have become assistant directors.

★

Mr. B. R. Marsh, Mr. D. Prince and Mr. P. B. Watson have been appointed deputy chairmen of BAIN DAWES LTD., and Mr. F. D. Cash has been made a director.

★

Mr. J. M. Dennis and Mr. G. D. Holmes have been appointed directors of HENLYS.

★

Sir Hubert Bennett has retired from the Board of the ENGLISH PROPERTY CORPORATION. He is giving up his executive duties to resume private architectural practice principally as Directeur General des Etudes (with Francois Druet and a Groupe Mediterranean) for the project Palais des Festivals et des Congres, Cannes.

★

Mr. William S. Wesson, managing director of BOWATER-SCOTT CORPORATION, has taken over the additional position of chairman in place of Mr. Colin F. Popham, who continues as a director. Dr. A. L. Lemon, chairman and chief executive of Bowater United Kingdom, has been appointed a director of Bowater-Scott, replacing Mr. A. P. Gammie, who relinquished his directorship last November.

★

Captain O. O. Thomas is to become chairman of the BANK AND SAVILL LINE on February 1 and on that date will relinquish his executive responsibilities with the general shipping division of the Furness Withy Group. Lord Inverforth, Mr. B. P. Shaw and Mr. W. E. Kirkbride have joined the Bank and Savill Line Board.

★

Mr. P. T. Willcox has been appointed a director of EGGAR FORRESTER.

★

Mr. Frederick D. Pettit will join CREDIT SUISSE FIRST BOSTON as a managing director on February 14. Mr. Pettit was chairman of the managing board of Citibank AG, Frankfurt; chairman of the Supervisory Board of Citibank (Austria) AG, Vienna; chairman of the Board of Citicorp East-West Services Inc., Wilmington, Delaware, and deputy member of the supervisory Board of Trinkhaus und Burkhardt, Dusseldorf.

★

The SCIENCE RESEARCH COUNCIL has made the following organisational changes and staff appointments: CENTRAL OFFICE—Mr. A. J. Egginton is now director for the science and engineering divisions; Dr. H. H. Atkinson, director for astronomy, space and nuclear physics divisions; Mr. J. J. Beattie, head of science division; and Mr. J. Hutchinson succeeding Dr. Atkinson as head of astronomy, space and radio division. ESTABLISHMENTS — From September 1, Dr. G. H. Stafford takes up his duties as director-general of the combined Appleton and Rutherford Laboratories; Dr. G. Manning, deputy director of the Rutherford Laboratory, will be Director of the Rutherford Laboratory for the transition period of five years from September 1. The Council is to appoint a director of the Appleton Laboratory to take over from the beginning of September on the retirement of Dr. F. Horner.

★

Mr. T. B. Collins, of Berger Jenson and Nicholson, has been appointed a director of A. G. STANLEY HOLDINGS.

★

Mr. Gerald Fairtlough, a divisional director on the staff of the National Enterprise Board, has been appointed to the Board of the CAMBRIDGE INSTRUMENT COMPANY.

هكذا من الأصل

LONDON TRADED OPTIONS

Option	Ex'rc'se price	April Closing offer	April Vol.	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Equity close
BP	900	36	3	63	9	78	—	898p
Com Union	140	9	1	13	—	13	—	143p
Com Union	160	2½	—	5	—	7	9	"
Cons Gold	160	43	1	45	—	—	—	198p
Cons Gold	180	24	15	27	—	33	—	"
Cons Gold	200	9½	81	13	17	23	—	"
Courtaulds	110	7½	2	10½	15	12½	—	111p
Courtaulds	120	3½	30	6½	30	8½	—	"
GEC	280	48	5	—	—	—	—	321p
GEC	330	14	5	28	—	35	—	"
GEC	360	4	36	13	20	—	—	"
Grand Met.	100	18½	—	21½	10	24½	—	117p
Grand Met.	110	9½	10	13½	—	15	—	"
Grand Met.	120	4	—	7½	10	10	—	"
ICI	330	30	11	42	—	51	—	354p
ICI	360	12	—	24	17	31	—	"
Land Secs	200	58	8	—	—	—	—	255p
Land Secs	240	21	3	28	—	35	5	"
Land Secs	260	7½	37	15	—	23	—	"
Marks & Sp	80	11	6	13	—	16	—	86p
Marks & Sp	90	4½	10	7	—	8	4	"
Shell	500	75	4	—	—	—	—	568p
Shell	550	36	6	47	—	59	—	"
Shell	600	7	7	18	—	29	—	"
Totals			218		128		15	
		February		May		August		
BOC Intl.	70	1½	—	4½	25	6	20	68p
Boots	200	1½	—	9½	1	14	—	190p
Boots	220	¼	—	3½	—	7½	4	"
EMI	130	11	3	16	—	19	—	138p
EMI	160	¼	—	3½	6	15	—	"
RTZ	240	30	3	37	1	42	—	267p
RTZ	260	13	13	25	1	28	7	"
RTZ	280	3½	47	15	2	18	8	"
Totals			73		35		35	

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid Up	Latest Renunc. Date	1978-79 High	1978-79 Low	Stock	Closing Price p	+ or −	Div. Amount	Times Covered	Gross Yield	P.E. Ratio
*50‡	F.P.	—	67	59	Arlen Electrical	67	+3	4.5	1.9	10.7	7.5
A$0.50	F.P.	—	82	62	Ashton Mining 50c	78	−2	......			
—	F.P.	—	30	27	Cosforth Ind. 10p	28	......	2.0	—	10.7	—
155	F.P.	10/1	187	170	Harris Queensway 20p	178	+1	7.8	3.1	6.6	7.3
**	F.P.	15/2	132	118	Hunting Assoc. Defd.	124	+5				
—	F.P.	—	104	89	††IAS Cargo Airlines	88	+1	F2.8	5.7	4.3	10.6
**	F.P.	9/2	34	31	M. Y. Dart Defd.	31	−1				
110	F.P.	17/1	136	115	Mill'tts L'rs're Shps 20p	131	......	5.7	1.8	8.8	12.6

FIXED INTEREST STOCKS

Issue Price	Amount Paid Up	Latest Renunc. Date	1978-79 High	1978-79 Low	Stock	Closing Price	+ or −
**	F.P.	16/2	108p	105p	Assoc. Dairies 9½% Prof.	105p	−1
¶	F.P.	26/1	100	99¾	Colne Valley Water 8% Red Prf 1983	100½	......
100p	F.P.	28/12	100½p	98p	Findlay 8% Cnv. Cum. Red. Prf.	98p	......
100p	F.P.	5/1	123	108	Hawley Leisure 12% Cnv. Uns. Ln. '86-88	121	......
—	F.P.	—	137p	118p	††IAS Cargo Airlines 6% Cnv. Prcf. £1	128p	......
¶	F.P.	1/5	101½	101	Mid Kent Water 8% Pref. 1984	101	......
100p	F.P.	11/1	107	100¾	Rivington Reed 9½% Cnv. Cum. Red. Pref.	106	......
97½p	F.P.	5/1	99p	97½p	Seascope 10½% Prof.	97½p	......
**			98p	96p	Shaw Carpets 10% 2nd Cum. Prof. £1	98p	......

"RIGHTS" OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date ●	Latest Renunc. Date ☐	1978/9 High	1978/9 Low	Stock	Closing Price p	+ or −
60	F.P.	19/1	19/2	78	67	Associated Biscuit	78	+5
125	Nil	—	—	35pm	29pm	Baker Perkins	29pm	−1
45	F.P.	8/12	9/2	58½	47	Foster (John)	55	......
220	Nil	—	—	25pm	18pm	Haslemere Estates	25pm	+5
230	F.P.	3/1	9/2	320	298	Metal Box	318	+8
103	Nil	—	7/2	23pm	19pm	Nolt & Spencer	21pm	......
20c	Nil	—	—	33pm	24pm	Poseidon	29pm	−2
10	F.P.	22/1	23/2	17½	14½	Suter Electrical Defd.	16	......
18	Nil	—	—	8pm	3pm	Swan Ryan Intl.	8pm	+1½
38	F.P.	10/1	8/2	38	34	York Fine Woollen	37	......

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend: cover based on previous year's earnings. r Dividend and yield based on prospectus or other official estimates for 1979. q Gross. † Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. ¶¶ Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or take-over. ‖‖ Introduction. ☐ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Unlisted security.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS
Figures in parentheses show number of stocks per section

	Equity groups & sub-sections	Tues., Jan. 30, 1979 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 33%)	Est. P/E Ratio (Net)	Mon., Jan. 29 Index No.	Fri., Jan. 26 Index No.	Thurs., Jan. 25 Index No.	Wed., Jan. 24 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (172)	230.04	+0.6	17.56	5.69	7.79	228.71	228.89	227.66	228.60	203.47
2	Building Materials (28)	203.13	+0.6	18.83	6.32	7.29	201.97	201.83	201.86	203.25	184.43
3	Contracting, Construction (28)	347.65	+0.5	22.28	5.20	6.45	345.98	343.55	342.72	346.80	325.65
4	Electricals (15)	540.28	+1.1	14.25	3.51	9.61	534.33	537.40	533.19	533.44	436.01
5	Engineering Contractors (12)	354.70	+0.2	18.94	6.38	7.14	353.92	353.72	353.62	355.63	287.86
6	Mechanical Engineering (73)	179.21	+0.2	18.51	6.19	7.21	178.89	178.81	177.43	178.10	160.34
8	Metals and Metal Forming (16)	160.53	+0.5	17.34	8.95	8.02	159.71	159.81	158.71	159.23	161.35
11	CONSUMER GOODS (DURABLE) (53)	205.16	+1.0	17.19	5.27	7.78	203.06	204.01	203.59	203.69	185.89
12	Lt. Electronics, Radio, TV (16)	262.08	+1.0	14.45	3.99	9.72	259.36	260.69	259.72	259.19	224.20
13	Household Goods (12)	165.55	+0.9	18.26	6.93	7.53	164.12	163.74	163.51	164.18	172.56
14	Motors and Distributors (25)	116.08	+1.1	22.04	7.29	5.70	114.87	115.50	115.60	116.12	112.37
21	CONSUMER GOODS (NON-DURABLE) (170)	208.78	+0.9	16.62	6.12	7.97	206.83	206.45	205.67	205.50	192.52
22	Breweries (14)	230.13	+0.7	16.59	6.53	7.65	228.56	227.43	226.25	224.87	212.28
23	Wines and Spirits (6)	296.09	+0.7	15.69	5.03	9.36	294.16	293.65	291.00	289.82	234.54
24	Entertainment, Catering (17)	274.97	+0.7	15.92	6.70	8.31	273.15	272.83	270.29	269.29	249.86
25	Food Manufacturing (19)	195.90	+0.7	19.18	5.67	6.95	194.51	194.35	193.76	194.74	188.88
26	Food Retailing (15)	228.48	+0.6	13.92	5.15	9.98	227.07	227.02	226.17	226.26	191.62
32	Newspapers, Publishing (12)	381.08	+0.5	21.52	6.42	6.59	379.19	378.17	378.70	381.01	330.95
33	Packaging and Paper (15)	136.60	+2.3	18.47	7.71	7.09	133.55	132.41	131.38	131.76	128.17
34	Stores (40)	191.54	+0.4	12.70	4.97	11.29	190.74	191.12	190.18	189.83	181.87
35	Textiles (23)	175.81	+0.7	18.34	8.53	7.06	174.63	173.99	174.27	174.81	173.74
36	Tobaccos (3)	243.53	+3.0	22.78	7.71	5.19	236.46	235.37	236.45	236.05	221.26
37	Toys and Games (6)	90.67	+0.3	24.47	7.17	4.82	90.44	90.36	89.37	88.91	100.71
41	OTHER GROUPS (99)	193.73	+0.8	15.96	6.45	8.06	192.20	192.95	192.80	193.01	185.78
42	Chemicals (19)	274.43	+1.1	16.21	6.89	8.03	271.57	273.27	273.27	272.66	248.86
43	Pharmaceutical Products (7)	236.23	+0.6	11.76	4.92	10.30	234.91	236.83	236.66	236.79	247.56
44	Office Equipment (6)	126.78	+1.3	17.17	6.36	7.09	125.10	127.32	127.63	128.91	126.42
45	Shipping (10)	426.74	+0.2	14.18	7.12	8.95	425.98	422.63	420.59	422.55	459.60
46	Miscellaneous (57)	211.28	+0.7	18.37	6.82	7.19	209.82	209.52	209.20	209.67	196.40
49	INDUSTRIAL GROUP (494)	216.83	+0.0	16.74	6.03	7.93	215.06	215.21	214.49	214.70	199.60
51	Oils (6)	505.48	+1.1	13.82	3.98	7.87	499.70	502.56	499.62	497.67	445.21
59	500 SHARE INDEX	240.79	+0.9	16.29	5.71	7.92	238.71	239.06	238.17	238.22	220.37
61	FINANCIAL GROUP (115)	169.49	+0.8	—	5.74	—	168.18	167.57	167.22	167.35	169.56
62	Banks (6)	204.70	+0.8	23.02	5.76	6.51	203.11	202.73	202.82	201.78	182.83
63	Discount Houses (10)	209.28	—	—	8.72	—	209.28	212.06	212.06	211.85	205.34
64	Hire Purchase (5)	164.63	+1.2	19.41	5.31	6.61	162.75	163.58	161.95	160.30	159.18
65	Insurance (Life) (10)	131.63	+0.3	—	7.14	—	131.18	131.09	130.89	130.49	138.86
66	Insurance (Composite) (7)	118.37	+0.1	—	7.41	—	118.19	117.58	117.75	118.01	128.93
67	Insurance Brokers (10)	301.23	+0.9	15.84	5.63	9.00	298.43	294.45	295.11	293.74	305.53
68	Merchant Banks (14)	79.72	+0.2	—	6.15	—	79.55	79.57	79.57	79.68	80.11
69	Property (43)	276.66	+2.0	3.82	2.93	41.90	271.30	269.43	267.84	269.44	238.09
70	Miscellaneous (10)	112.61	−0.5	19.87	7.08	6.25	113.17	113.65	113.75	114.87	105.75
71	Investment Trusts (111)	211.25	+0.2	—	5.04	—	210.92	210.37	209.49	209.70	186.89
81	Mining Finance (4)	116.22	+1.7	16.17	6.13	7.61	114.29	111.74	111.74	113.77	89.88
91	Overseas Traders (20)	322.12	+0.9	14.99	7.99	8.46	319.37	317.27	317.95	317.82	270.82
99	ALL-SHARE INDEX (750)	222.60	+0.8	—	5.74	—	220.77	220.70	219.97	220.12	203.96

FIXED INTEREST PRICE INDICES

	British Government	Tues., Jan. 30	Day's change %	xd adj. today	xd adj. 1979 to date
1	Under 5 years	101.84	−0.02	—	0.41
2	5-15 years	106.46	−0.31	—	0.89
3	Over 15 years	110.23	−0.36	—	1.20
4	Irredeemables	118.76	−0.23	—	0.00
5	All stocks	106.02	−0.21	—	0.78

	FIXED INTEREST YIELDS Br. Govt. Av. Gross Red.		Tues., Jan. 30	Mon., Jan. 29	Year ago (approx.)
1	Low Coupons	5 years	10.29	10.27	7.61
2		15 years	12.01	11.96	9.80
3		25 years	12.81	12.76	10.38
4	Medium Coupons	5 years	13.46	13.41	9.96
5		15 years	13.47	13.41	10.80
6		25 years	13.47	13.41	10.93
7	High Coupons	5 years	13.51	13.47	10.61
8		15 years	14.00	13.94	11.72
9		25 years	14.00	13.94	11.75
10	Irredeemables		12.46	12.43	10.25

		Tues., Jan. 30 Index No.	Yield %	Mon. Jan. 29	Fri. Jan. 26	Thur. Jan. 25	Wed. Jan. 24	Tues. Jan. 23	Mon. Jan. 22	Fri. Jan. 19	Year ago (approx.)
16	20-yr. Red. Deb & Loans (15)	54.09	13.70	54.09	54.20	54.20	54.14	54.38	54.45	54.68	52.64
18	Investment Trust Prefs. (15)	50.12	14.02	50.10	50.76	50.76	50.76	50.76	50.76	50.98	37.08
17	Coml. and Indl. Prefs. (20)	71.14	13.17	71.25	71.49	71.49	72.14	72.14	72.14	72.07	78.03

‡ Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p, by post 22p.

AUTHORISED UNIT TRUSTS

Framlington Unit Mgt. Ltd. (a)
5-7 Ireland Yard, EC4B 5DH. 01-248 6971

Minster Fund Managers Ltd.
Minster Hse., Arthur St., EC4. 01-623 1050

MLA Unit Trust Mngmnt. Ltd.
Old Queen Street, SW1A 9JG. 01-930 7333

Murray Johnstone U.T. Mgmt.♥ (a)
163, Hope Street, Glasgow, G2 2UH 041-221 5521

Mutual Unit Trust Managers♥ (a)(g)

Prudl. Portfolio Mngrs. Ltd.♥ (a)(b)(c)
Holborn Bars EC1N 2NH. 01-405 9222

Quilter Management Co. Ltd.♥
The Stk. Exchange, EC2N 1HP. 01-600 4177

Reliance Unit Mgrs. Ltd.♥
Reliance Hse., Tunbridge Wells, Kt. 0892 22271

Schlesinger Trust Mngrs. Ltd. (a) (z)
140, South Street, Dorking. (0306) 86441

Target Tst. Mgrs. (Scotland) (a) (b)
19, Athol Crescent, Edin. 3. 031-229 8621/2

Trades Union Unit Tst. Managers♥
100, Wood Street, E.C.2. 01-628 8011

Transatlantic and Gen. Secs. Co.♥
91-99 New London Rd. Chelmsford 0245 51651

Equity & Law Un. Tr. M.♥ (a)(b)(c)
Amersham Rd., High Wycombe. 0494 33377

Equity & Law	67.3	70.8	+0.5	4.41

James Finlay Unit Trust Mngt. Ltd.
10-14, West Nile Street, Glasgow. 041-204 1321

J. Finlay Internat'l	24.5	26.3	.....	2.02
Accum. Units	29.1	31.2	.....	2.02
J. Finlay Income	34.3	36.9	.....	8.48
J. Finlay Euro.Fin.	28.1	30.2	.....	3.22
Accum. Units	33.3	35.7	.....	3.22
J. Finlay Fd.In.Tst.	28.3	30.4	.....	4.69
Accum. Units	33.0	35.4	.....	4.69

Prices on Jan. 24. Next dealing Jan. 31.

*Prices at Jan. 26. Next dealing Feb. 2.

CORAL INDEX: Close 463-468

INSURANCE BASE RATES

†Property Growth	12%
†Vanbrugh Guaranteed	11.75%

†Address shown under Insurance and Property Bond Table.

INSURANCE AND PROPERTY BONDS

OFFSHORE AND OVERSEAS FUNDS

Alexander Fund
37, rue Notre-Dame, Luxembourg
Alexander Fund | $US7.22 | ..... | —
Net asset value January 17.

Allen Harvey & Ross Inv. Mgt. (C.I.)
1, Charing Cross, St. Helier, Jsy., C.I. 0534 73741

Arbuthnot Securities (C.I.) Limited
P.O. Box 284, St. Helier, Jersey. 0534 72177

Keyser Ullmann Ltd.
25, Milk Street, EC2V 8JE. 01-606 7070

King & Shaxson Mgrs.
1 Charing Cross, St. Helier, Jersey.

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LOANS

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

1978-79 High	Low	Stock	Price £	+ or —	Div. % Gross	Red. Yield
24	17	Antofagasta Rly...	22	....	—	—
41	33	Do. 5pc Pref......	40	......	—	—
98	98	Chilean Mixed....	98	......	—	13.10
22	6	Chinese 4½pc 1898	19	+½	—	—
35	4½	Do. 5pc 1912......	31	......	—	—
20½	4½	Do. 5pc 1925 Boxer	18½	+½	—	—
415	350	German Yng. 4½pc.	415	......	4½	—

BONDS & RAILS—Cont.

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

S.E. List Premium 48% (based on US$1.9961 per £)
Conversion factor 0.6757 (0.6762)

CANADIANS

S.E. List Premium 48% (based on $2.3796 per £)

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FINANCIAL TIMES

PUBLISHED IN LONDON & FRANKFURT

Head Office: Bracken House, 10, Cannon Street, London EC4P 4BY
Telex: Editorial 886341/2, 883897. Advertisements: 885033. Telegrams: Finantimo, London.
Telephone: 01-248 8000.
Frankfurt Office: Frankenallee 68-72, 6000 Frankfurt-am-Main 1.
Telex: Editorial 416052. Commercial 416193. Telephone: Editorial 7598 234. Commercial 7598 1

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NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 33 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- A Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ‡ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ♣ Regional price.
- ll No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date. §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

"Recent Issues" and "Rights" Page 24

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £400 per annum for each security

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	26	......
Ash Spinning	107	−2
Bertam	15	......
Bdg'wtr. Est. 50p	322	+2
Clover Croft	28	......
Craig & Rose £1	615	......
Dyson (R. A.) A	35	......
Ellis & McHdy.	69	......
Evered	27	......
Fife Forge	52	......
Finlay Pkg 5p	21	......
Graig Ship. £1	125	−5
Higsons Brew.	70	......
Holt (Jos) 25p	252	......
I.O.M. Stm. £1	238	+3
Pearce (C. H.)	201	......
Peel Mills	24	+1
Sheffield Brick	51	......
Sheff. Refrshmt	70	......
Sindall (Wm.)	120	......

IRISH

Conv. 9% '80/82	£89	......
Alliance Gas	110	......
Arnott	395	+25
Carroll (P. J.)	85	−3
Clondalkin	96	......
Concrete Prods.	140	......
Heiton (Hldgs.)	45	......
Ins. Corp.	160	......
Irish Ropes	105	−5
Jacob	50	+2
T M G	185	......
Unidare	87	......

OPTIONS
3-month Call Rates

Industrials

A. Brew	6½
A.P. Cement	18
B.S.R.	9
Babcock	11
Barclays Bank	25
Beecham	35
Boots	15
Bowaters	16
B.A.T.	24
British Oxygen	6
Brown (J.)	20
Burton 'A'	12
Cadburys	5
Courtaulds	10
Debenhams	0
Distillers	15
Dunlop	7
Eagle Star	11
E.M.I.	14
Gen. Accident	17
Gen. Electric	18
Glaxo	40
Grand Met.	9
G.U.S. 'A'	20
Guardian	18
G.K.N.	22
Hawker Sidd	20
House of Fraser	12
I.C.I.	20
"Imps"	6
I.C.L.	20
Inveresk	0
KCA	3
Ladbroke	17
Legal & Gen.	14
Lex Service	7
Lloyds Bank	22
"Lofs"	4
London Brick	5
Lonrho	5
Lucas Inds.	25
Lyons (J.)	10
"Mams"	7
Mrks. & Spncr	10
Midland Bank	25
N.E.I.	12
Nat. West. Bank	22
Do. Warrants	10
P & O Dfd	8
Plessey	0
R.H.M.	5
Rank Org. 'A'	10
Reed Intnl	12
Spillers	3
Tesco	4
Thorn	22
Trust Houses	15
Tube Invest.	30
Unilever	35
Utd. Drapery	7½
Vickers	15
Woolworths	5

Property

Brit. Land	3¼
Cap. Counties	4½
E.P.	5
Intereuropean	4
Land Secs.	16
MEPC	12
Peachey	0
Samuel Props.	9
Town & City	1¼

Oils

Brit. Petroleum	45
Burmah Oil	5
Charterhall	3
Shell	28
Ultramar	20

Mines

Charter Cons.	12
Cons. Gold	14
Rio T. Zinc	16

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES

Wednesday January 31 1979

Busmen seek 20%: 1,000 dockers strike

BY NICK GARNETT AND LYNTON McLAIN

THE DETERMINATION of powerful groups within the Transport and General Workers Union to win pay settlements up to double last year's level was reinforced yesterday by passenger transport drivers and dockers.

Union leaders representing 140,000 drivers with nationalised and local authority bus services warned that they would not agree a settlement below that achieved by lorry drivers who are negotiating deals worth 20 per cent and more. Pay negotiations for the National Bus Company begin today.

At the same time, more than 1,000 dockers at Bristol, Grimsby and Immingham stopped work in protest at pay offers of about 5 per cent. Industrial action is likely to spread to other port, most of which are due to settle with their workforces this month.

About half of Bristol's 1,300 dockers went on strike, although it was not clear how long this would last. At Grimsby and Immingham, the dockers are not due to discuss the position again for another week.

The latest disruption at the ports is being mounted as lorry drivers remove picket lines. Wage negotiations for the drivers in almost all regions of Britain resumed yesterday after the decision of employers to make a new pay offer worth 20 per cent on existing minimum rates.

The union expects settlements, which with improved fringe benefits could be higher than *20 per cent, in most areas* by the weekend. The North-east has settled for a top rate of £64 and Southampton for £65. Other areas have also settled.

Union officials in South Wales are putting out to ballot the new offer of £64 top minimum rate. The result will probably be known by Thursday. London's drivers are also being balloted.

Pay talks for drivers in Manchester and Liverpool who are holding out for the union's full money claim of £65, worth 23 per cent, broke down last night. Negotiations in Scotland resume today.

The Transport Union, however, fired the first warning shots for next year's wage negotiations for the haulage industry. Mr. Alex Kitson, executive officer, said that employers had escaped this year from conceding a shorter working week but there would now be a fight over hours. This was a natural result of EEC legislation curbing driving time.

The first anniversary date for negotiations is November, when drivers in Scotland are due to settle.

Mr. Robert Brook, chief executive of the National Bus Company, said yesterday that passengers could expect more stable fares and fewer service *cuts in the next few years.*

Senior transport union officials, however, expect a similar type of fight over pay among bus drivers to that among local authority workers. Industrial action is likely to take the form of selective strikes or work to rules.

Negotiations for 70,000 drivers in the National Bus Company and related operations, 50,000 drivers working for London and municipal authorities and 20,000 for Passenger Transport Executives are either overdue or expected within the next few months.

Mr. Larry Smith, the union's passenger transport secretary, said that the drivers were seeking the same new basic rate of about £64 to £65 a week won by the lorry drivers.

Existing basic rates outside London are about £40, considerably below the lorry drivers' previous basic rate.

The union is seeking to boost basic pay rates partly by consolidating pay supplements.

TUC moderates call for voluntary pay restraint

BY CHRISTIAN TYLER, LABOUR EDITOR

AN ATTEMPT to swing the TUC back to a voluntary wage restraint policy is launched today by 12 members of the TUC general council normally associated with the Right-Wing or pro-incomes policy faction.

The "moderates manifesto" calls for long-term reform of collective bargaining, superintended by a national body like the old Prices and Incomes Board.

Many of the ideas in their joint document, A Better Way, echo suggestions put forward by the Confederation of British Industry, the Conservative Party, and some members of the Labour Government, for national wage determination on Continental lines.

Coming as it does in the middle of highly delicate political negotiations between the TUC and Government, this minority document is likely to cause a *furore* since it appears to contradict the TUC's official policy.

Its authors, who speak for themselves and not their union, contend that it is intended to widen the debate about pay policy and to influence this summer's trades union delegate conferences and the autumn Congress of the TUC.

The 12 general secretaries call for annual discussions on the economy, which would include the CBI, to set what they call an "indicative norm." Criteria would be drawn up for allowing certain groups to exceed that norm. The TUC would play a much greater part in supervising the bargaining round.

A new, independent agency should be set up to apply the policy to pay, prices, profits and dividends. This should be supported by tougher Government powers for freezing or cutting prices.

Where profits were large, and workers' demands consequently ambitious, some way should be found of rerouting those profits into investment, job creation, price cuts, or capital sharing schemes.

The authors criticise the TUC-Labour Party policy document, Into the Eighties, as ambiguous and bland. Pay policy has been "skimmed over," they say.

"Pay is a vital aspect of economic policy which cannot be ducked by the Labour movement. . . . Whatever the outcome of the current pay round, it is politically inconceivable that Labour should go into the next General Election stripped of the prospect of a long-term pay policy and tied to an irresponsible free-for-all that will hit the weak and the worst-off hardest."

The document says, in effect, that the "going rate" is a fact of industrial life, and therefore the Conservatives' promises of free collective bargaining are a "false freedom."

Those who signed the document are: Lord Allen of the Shopworkers; Mr. Jack Boddy, of the Agricultural Workers; Mr. Frank Chapple, of the Electricians; Mr. Tony Christopher of the Inland Revenue union; Mr. Geoffrey Drain of the local government officers union NALGO; Mr. Terry Duffy of the Engineers; Mr. Roy Grantham of the clerical union APEX; Mr. Tom Jackson of the Post Office Workers; Mr. Leif Mills of the bank employees union; Mr. Bill Sirs of the Iron and Steel Trades Confederation; Mr. Ken Thomas of the civil service clerical union CPSA; and Mr. Sid Weighell of the National Union of Railwaymen.

Editorial Comment, Page 14

U.S.-Soviet arms curbs acceptable, Deng says

BY COLINA MACDOUGALL

CHINA DOES not oppose a new U.S.-Soviet strategic arms limitation agreement, although it has not modified its view of the Soviet Union's threat to world peace.

That emerged from talks today between President Jimmy Carter and Mr. Deng Xiaoping, Chinese Vice-Premier, who has indicated that he understands that such an agreement may be necessary.

It appears that Mr. Leonid Brezhnev, Soviet President, might visit Washington at the end of February to sign an arms agreement. President Carter recently confirmed that the Chinese Vice-Premier's visit had delayed the Soviet leader's projected trip.

However, the Chinese attitude to the Soviet Union, in talks with the American President, appears no different from their long-standing view that Moscow is bent on extending its power, with military might if necessary.

Mr. Deng's attacks on the Soviet Union and his call for an alliance with the U.S. and other Western powers "to place curbs on the polar bear," published here on Monday in Time magazine, appear to have been echoed in the talks with the President.

Speaking after a White House dinner in his honour on Monday, Mr. Deng recalled that in the joint statement on the establishment of normal relations between the two countries, both sides had agreed to oppose "hegemony" in the Pacific.

Since "hegemony" is the Chinese code word for the threat thta Peking sees presented by the Soviet Union, that represents discreet pressure on the U.S. to see the global situation the Chinese way.

Neither President Carter nor Mr. Cyrus Vance, the U.S. Secretary of State, has indicated any agreement with Mr. Deng's view. U.S. policy still seeks to preserve a balance between Peking and Moscow, and in spite of pressure fro mthe Chinese side, the Administration is walking a tightrope to avoid jeopardising a Strategic Arms Limitation agreement.

A more immediate question is Taiwan, which was expected to be a principal topic at Mr. Deng's meetings yesterday with the congressional hierarchy. Several Congressmen who support normal relations have complained of the absence of an explicit Chinese guarantee not to annex Taiwan.

Mr. Deng saw Mr. Michael Blumenthal, U.S. Treasury Secretary, yesterday morning, to discuss frozen assets. Those involve $197m (£98.8m) in U.S. property seized in China in 1949 and about $80m (£40.1m) in Chinese bank accounts in the U.S., frozen in retaliation.

Until the issue is resolved, further progress in trade is difficult. Both sides are anxious that the type of deals reaching fruition with Japan and Western Europe should be opened up to American businessmen, which is impossible until that hurdle is overcome.

In addition, U.S. Eximbank financing will be required for American companies to offer terms that the Chinese are considering from their other trading partners for large capital equipment deals.

That, with "most favoured nation" treatment for imports, which the Chinese will almost certainly require to expand sales to the U.S., will require further legislation.

Headaches for media as the twain meet—Page 3

Continued from Page 1

Councils

water service workers could cost 60,000 jobs in local government. Mr. Donnet described this as a "shocking" suggestion at a time of high unemployment. And Mr. Rusbridge wanted to see if there was some better way forward.

The employers are very aware, however, that the Government would only help pay for a productivity scheme if it were genuinely self-financing. While the employers support a longer-term pay comparability study provided it applies to their total staff, they do not see this as an alternative tto getting the irght settlement with manual workers now.

Mr. Gerry Gillman, general secretary of the Society of Civil and Public Servants, yesterday warned other public sector unions to beware of "embracing the mirage of promised comparability."

The Civil Service comparability system had been scrapped by Governments in favour of arbitrary pay limits when desired.

Mr. Ennals said in a statement yesterday that although union leaders had told their members to maintain essential health services, he was "most concerned that in some areas even emergency services are in danger."

The threat to patients' safety and well-being was so great in some areas that he had requested an immediate meeting with Mr. Alan Fisher, general secretary of the National Union of Public Employees, and Mr. Albert Spanswick, general secretary of the Confederation of Health Service Employees.

"I intend to impress upon them the seriousness of the position and the importance of redoubling their own efforts to ensure than industrial action is kept under control."

U.S. trade deficit for last year at $28.45bn peak

BY DAVID BUCHAN IN WASHINGTON

THE U.S. trade deficit reached a record $28.45bn (£14.2bn) last year, nearly $2bn above the previous peak in 1977.

The announcement of these worst-ever figures came yesterday with the release of the December trade deficit which widened slightly over the previous month to reach $2.04bn.

Mr. William G. Miller, chairman of the Federal Reserve Board, yesterday insisted however that "prospects for the U.S. trade balance this year are brightening." Yet the U.S. has now run a steady string of monthly deficits for nearly three years.

Despite this news, the dollar, which has proved vulnerable to announcements of the yawning U.S. trade gap in the past, seemed little affected by the news.

Since July 1978, the monthly deficits have hovered around the $2bn mark while in the first half of 1978 they consistently exceeded that.

Last week, the U.S. Commerce Department forecast a 1979 deficit $9bn lower than in 1978, chiefly because the U.S. economy is expected to grow less fast this year and therefore import less. At the same time, its fast-growing trading partners are likely to increase their demand for American goods.

Interest rates

The chairman of the Fed welcomed the slowing down in the U.S. economy. Growth is estimated by the Administration to be about 2-2.5 per cent in real terms this year. Mr. Miller told the joint economic committee of Congress yesterday: "The economy is already quite close to full employment, and any new surge in demand must be prevented since it would only be translated into more inflationary pressures."

Despite the recent climb in interest rates, Mr. Miller rejected the idea that there was already a credit crunch. "Creditworthy borrowers continue to find funds available at prevailing rate levels," he said.

He claimed the money supply aggregates in the U.S. had now been brought into the target ranges set by the Fed. But business spending on plant and equipment would be maintained this year, and might even increase, if the inflation rate came down, as the Carter Administration hopes.

Consumer spending growth, by contrast, would probably decline, because of the high level of instalment credit that individuals have already borrowed. Spending by consumers has been a mainstay of U.S. economic expansion since 1975.

In an apparent reference to the pay and price guidelines introduced by the Carter Administration last autumn, Mr. Miller said that income policies were of "limited effectiveness" in reducing the underlying inflation rate.

He put more faith in President Carter's cutting of the 1980 budget deficit and called on Congress to stick to that. Big budget deficits tended to put upward pressure on interest rates as Government competed with the private sector for funds.

Mr. Miller added that the longer-run strength of the U.S. currency would depend on curbing inflation, increasing exports, and curbing oil imports.

U.S. oil imports in December declined to $3.5bn from $3.6bn the previous month. Over 1978 as a whole, oil imports, while still running at a high level, fell 6 per cent to $39.5bn.

The volume of imports fell by 0.1 per cent last month, but exports declined by 0.9 per cent.

Increase in unit trust fees rejected by Price Commission

BY EAMONN FINGLETON

THE UNIT trust industry suffered a major setback yesterday when its demand for higher management fees was rejected by the Price Commission.

The industry's income from charges and from gains made in dealing in units is sufficient, the commission concluded.

But a glimmer of hope for the industry appeared when the commission recommended the abolition of Department of Trade controls on charges in favour of a system which, it believes, would keep charges down by force of competition. The commission believes the new system, under which unit holders would be encouraged by better information to shop around for the best charges deal, would result in lower charges. But leaders of the industry last night predicted that it would mean charges would edge up from current uneconomically low levels.

To foster competition, the commission suggested that the industry's exemption from restrictive practices legislation ahould be ended.

The Unit Trust Association claims that the usual present annual charge of ¾ per cent does not cover the routine expense of managing unit holders' investments.

The commission's rejection was based on the view that the annual charge should not be seen in isolation but in the light of the initial charge groups also make—5 per cent in most cases—and of the profits they make from dealing in units.

The commission found that the average unit trust has underperformed the stock market generally since 1973.

The Unit Trust Association said last night: "The Price Commission inquiry has produced no fresh arguments or insights on management charges."

Mr. Edgar Palamountain, chairman of the association, said last night that without higher charges, the small investor would be squeezed out of the stock market. Unit trust groups will have to raise the minimum investments they accept to £1,000 compared with an average of about £300 at present. The industry will also sell more insurance bonds, where charges are not restricted.

The Department of Trade last night aaid that it was opening talks with the association on the commission's conclusions.

Price Commission report Page 8

Weather

UK TODAY

RAIN, sleet and snow will move across the country.

London, S. England, E. Anglia, Channel Isles
Cloudier later. Rain.

Midlands, E. and N.W. England, Wales
Cloudy. Rain, some snow.

Isle of Man, N.E. England, Ulster, Scotland
Cloudy, with sleet or snow. Becoming brighter.

Highlands and Islands
Frequent squally snow showers.

● Outlook: Cold with furlber rain, sleet and snow. Widespread frost.

BUSINESS CENTRES

		Y'day midday °C	°F			Y'day midday °C	°F
Amsdm.	R	2	36	Madrid	F	9	48
Athens	S	17	63	M'chstr.	S	3	37
Bahrain	S	15	66	Melbne.	C	22	72
Barcln.	S	13	55	Mex. C.	S	21	71
Belfast	C	1	34	Milan	C	4	39
Belgrd.	R	6	43	M'ntreal	C	—6	21
Berlin	C	0	32	Moscow	F	—3	27
Bmghm.	S	2	36	Munich	F	2	36
Bristol	S	4	39	Nwcstl.	C	3	37
Brussels	C	2	36	N. York	C	4	40
Budpst.	C	4	39	Oslo	F	—10	14
B. Aires	S	26	78	Paris	F	3	37
Cairo	S	22	71	Perth	S	24	75
Cardiff	S	4	39	Prague	F	1	34
Chicago	C	—6	21	Reykjvk.	S	—9	16
Cologne	R	3	37	Rio J'o	C	26	78
Cpnhgn.	C	—3	27	Rome	C	16	57
Dublin	S	3	37	Singapr.	C	31	88
Ednbgh.	F	3	37	Stckhm.	C	—4	25
Frankft.	R	3	37	Strasbg.	C	3	37
Geneva	R	5	41	Sydney	S	27	81
Glasgow	F	3	37	Tehran	S	9	39
Helsinki	Sn	—7	19	Tel Aviv	S	17	63
H. Kong	C	18	64	Tokyo	C	7	45
Jo'burg	C	24	75	Toronto	C	—6	21
Lisbon	C	12	54	Vienna	S	6	43
London	C	3	37	Warsaw	Sn	—4	25
Luxmbg.	Sn	0	32	Zurich	Sl	1	34

HOLIDAY RESORTS

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	R	12	54	I.o.Man	F	5	41
Algiers	S	17	63	Jersey	C	5	41
Biarritz	R	6	43	L. Plms.	F	18	64
Blackp'l	S	3	37	Locarno	S	6	43
Bordx.	R	6	43	Majorca	S	15	59
Boulgn.	C	1	34	Malaga	C	15	59
Cas'b'ca	C	15	59	Nairobi	C	21	69
Cape T.	S	23	73	Naples	R	13	55
Corfu	F	14	57	Nice	R	12	54
Dbrvnk.	F	13	55	Oporto	C	10	50
Faro	C	15	59	Rhodes	R	15	59
Florence	F	13	55	Salzbg.	F	3	37
Funchal	C	16	61	Tangier	C	13	55
Gibrltr.	C	15	57	Tenerife	F	13	55
G'nsey	C	5	41	Tunis	S	17	63
Innsbrk.	C	0	32	Valencia	S	14	57
Invrnss.	C	1	34	Venice	F	7	45

C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow.

THE LEX COLUMN

BAT overcomes the currency drag

A revival in tobacco profits in the second half, together with useful growth in the paper side boosted by a final quarter contribution from the Appleton acquistion, has allowed BAT Industries to keep its nose in front once again at the pre-tax profits level. Despite unfavourable currency movements, without which BAT would have shown a figure some £40m higher than the £433m now declared, there has been an advance of 4 per cent (and more like 11 per cent in the second six months). But the after tax picture is less attractive, for when the last two years have both been adjusted for the new deferred tax policy there is seen to have been an increase in the underlying tax burden. The main reason is a big jump in unrelieved Advance Corporation Tax, reflecting both higher dividends and a drop in UK profits, and the group's attributable profits have eased 7 per cent to £219m.

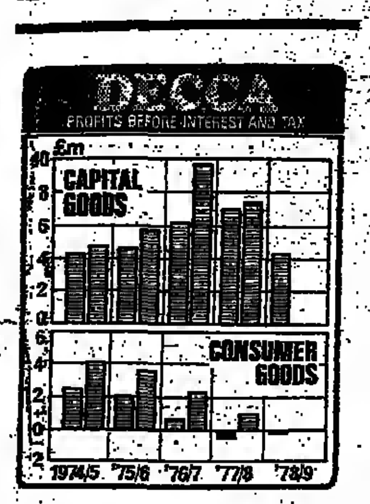
With International Stores slipping to a trading loss of some £5m BAT's returns from retailing are as meagre as ever—an operating margin of under 2 per cent on turnover of £1412m. There has been another solid performance in the tobacco division, however, which still contributes 70 per cent of operating profits. Thanks to price increases Brown and Williamson in the U.S. raised its dollar profits despite a further slip in its market share, and overall volume growth round the world has been good.

The share price was encouraged by the figures, climbing 13p to 298p where the yield on the restricted dividend is 7.4 per cent. On the basis of the second half performance pre-tax profits should rise to £460m or more this year, without allowing for the chance that currencies will start moving in the group's favour for a change.

Decca

The market had steeled itself for dreadful news from Decca and the announcement of halved pre-tax profits for the six months to September 30 actually sent the price of the "A" shares up by 7p to 357p. Decca's immediate problem is that industrial disputes have this year disrupted the manufacture of electronic capital goods—radar, navigation and electronic warfare systems. Decca relies on this business for growth now that its consumer products contribute so little. In the first half £35m of television and record sales yielded a small loss and the chairman sees no immediate prospect of an improvement.

Index rose 2.7 to 466.0



A prediction of "considerably lower" profits for the full year apparently means a pre-tax figure of about £7m compared with £12.3m last time. But the chairman is looking beyond this unhappy result. He is confident that Decca's £80m order book for defence equipment will produce an improvement on this year's outcome during the year ending March, 1980, but there is no indication of a swift recovery to previous profit peaks.

The fully taxed prospective p/e now stands at 22 for the "A" shares, and significantly a wide spread has now developed between the price of the "A" and that of the voting shares which are the key to control.

U.S. monetary policy

With the credit markets looking anxiously for convincing signs that U.S. interest rates have really reached their peak, the Federal Reserve Board chairman was stressing yesterday that the growth rates of all the U.S. monetary aggregates are now within or below the Fed's target ranges.

In London, Mr. Robert McKinney, chairman of the Federal Home Loans bank system, said that if U.S. mortgage demand is strong enough to threaten a figure as high as 1.7m for 1979 housing starts, the FHLB will hold it down through rationing mortgages.

This represents a significant change of direction for the FHLB, which spent last yea[r] pulling out all the stops [to] prevent housing demand fro[m] being disappointed. It is sup[-] posed to stabilise flows of fun[ds] into what has been an intr[...] ably volatile component of G[...] But counter-cyclical investm[...] is tricky to time, and it n[...] looks as though the FHLB [...] more housing starts than [...] bargained for (over 2m) in 19[...]

Talk from the FHLB ab[out] possibly rationing mortg[age] finance suggests that the Fed['s] monetary policy is being tak[en] very seriously indeed. Or [it] may just have been that M[r.] McKinney, speaking to foreig[n] bankers about FHLB borrowin[g] needs, was saying things h[e] might not have said back home.

Unit trusts

Predictably the Price Com[-] mission has turned a deaf e[ar] to the unit trusts' pleas f[or] higher maximum charge[s] though it leaves open the pos[si-] bility that deregulation—wi[th] certain safeguards—might res[ult] in a better charging syste[m.] The Commission's r[...] notable for its lack of [...] ideas on how to tackl[e] [...] trust industry's probl[ems.] [...] Commission has pl[...] strongly impressed b[...] that management [...] profits have, in gen[eral] [...] reasonable in the last [...] it does not care that [...] largely been made by [...] in units, and are highl[y vulner-] able to market conditi[ons.] [...] threat is that the sm[all in-] vestors will be squee[zed ...] their fate should not be [...] be decided by the accide[ntal] interaction of cost inflatio[n ...] the historical charges struct[ure.]

Reed International

With its Canadian inte[rest] still up its sleeve—and [...] making useful profits—Ree[d In-] ternational has already bro[ught] the level of its debt down [...] tangible net worth from a fig[ure] of more than twice that onl[y a] year ago. The third qua[rter] figures show a solid impr[ove-] ment in the group's oper[ating] profit in the UK, offset by [...] back abroad. Aside from the [re-] moval of about £4m in [...] ing profit due to the sale [of] Nampak this drop reflects [the] cost to Reed of withdraw[ing] from Australia. The [...] quarter is usually Reed's str[ong-] est, but the transport strike [...] bit most of the company's [...] operations. So the market [is] looking for pre-tax profits [be-] tween £85 and £90m comp[ared] with £81m last year.

Registered at the Post Office. Printed by St. Clement's Press for and published by the Financial Times Ltd., Bracken House, Cannon Street, London, EC4P 4BY.
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